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GROWTH AND IMMIGRATION IN AUSTRALIA

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PRESSURE FOR CHANGE

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GROWTH AND IMMIGRATION IN AUSTRALIA

- -

PRESSURE FOR CHANGE

The Fletcher School of Law and Diplomacy

April 1, 1966

Economics 9b
Professor Kindleberger

Diplomacy 12b
Professor Stewart

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This paper is submitted as one half
of the thesis requirement for
the M.A.L.D. degree.

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PREFACE

W. Arthur Lewis concludes his theoretical essay, "Economic Development with Unlimited Supplies of Labor," with the following paragraph:

In the classical world all countries have surplus labor. In the neo-classical world labor is scarce in all countries. In the real world, however, countries which achieve labor scarcity continue to be surrounded by others which have abundant labor. Instead of concentrating on one country, and examining the expansion of its capitalist sector, we . . . have to see this country as part of the expanding capitalist sector of the world economy as a whole, and to enquire how the distribution of income inside the country and its rate of capital accumulation, are affected by the fact that there is abundant labor available elsewhere at a subsistence wage . . . *

This paper will comply with Lewis' injunction and will attempt to analyze the economic expansion of the Commonwealth of Australia as it has been affected by a labor supply largely drawn from outside its own national territory. Further, the analysis will be focused in such a way as to illuminate the imminence of an important sociological decision--whether or not to liberalize the traditional policy concerning the immigration of non-Europeans.

Australian expansion will be shown to be superimposed over and dependent upon the steady influx of alien labor factors, and, in the light of ever decreasing European labor surpluses, the question will be asked, "What price growth?"

* W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labor," Studies in Economic Development, Okun and Richardson, ed. (New York: Holt, Rinehart and Winston, 1962), pp. 279-302.

I. ECONOMIC GROWTH IN AUSTRALIA

a) The Applicable Model

The Lewis model says that if unlimited supplies of labor are available at a constant real wage, and if any part of profits is reinvested in productive capacity, profits will grow continuously relative to the national income, and capital formation will also grow relative to the national income. In addition, much new capital can be created without reducing the output of consumer goods, provided the labor supply is sufficient (i.e., roads, viaducts, irrigation channels, etc.). This process of growth will continue, according to Lewis, until capital accumulation has caught up with population and the surplus labor supply is exhausted, or until real wages rise so high as to reduce capitalists' profits to the level at which profits are all consumed and there is no net investment. The first cause of growth termination is obvious and needs no further explanation, but, in order to illustrate the second cause of termination, Lewis defined two sectors within the economy; the capitalist sector (which uses reproducible capital and pays capitalists for the use thereof--i.e., "industry") and the subsistence sector (which does not use reproducible capital and whose output per head is therefore lower--being "unfructified"--than the capitalist sector). Lewis sees the subsistence sector being analogous to "agriculture" and as providing the source of labor for the capitalist sector as factors are enticed from the farm by a higher real wage above the subsistence level. It is the various interactions between these two sectors which Lewis warns may curtail growth through raising real wages at the expense of profits and investment. These interactions include:

a) absolute reduction in the number of people in the subsistence sector caused by too rapid accumulation of capital, b) terms of trade between the sectors becoming adverse for the capitalist sector, c) increased productivity within the subsistence sector, and, d) demands for real wage increases from strong labor unions within the capitalist sector due to the acquiring of more expensive tastes.

At first glance, Australia hardly seems readily adaptable to the disciplines of Mr. Lewis and his model. A nation of only slightly more than eleven million people, Australia has maintained approximately the same number of human factors (600,000) engaged in agriculture since the turn of the century. The income of this portion of the population is, and nearly always has been, at least on par with those engaged in industry-- and hence there is no native subsistence sector (in Lewis' terms) and no indigenous source of "unlimited supplies of labor." However, there is, and always has been, "abundant labor available elsewhere at a subsistence wage" in the form of men and women in Europe and other lands who see in Australia a place where they can obtain a higher real income, a better standard of living, a safe refuge, or some combination of all three, and are thus enticed as migrants. Lewis' subsistence sector is then, in the case of Australia, such other parts of the world wherein human factors receive less for their labors than the Australian economy is prepared to give. In terms of labor skills this means that in lieu of time lost and funds expended in educating and training people in their progression from one sector ("farm") to the other ("factory") the migrant labor that is constantly injected into the Australian capitalist sector comes already prepared with education, skills, and training representing investment by other nations in the

"subsistence sector at large."

The application of the Lewis model to the Australian economy, the interactions between the capitalist sector and the subsistence sector (in the international sense of the term), and the threats posed by the causes of growth termination will be developed throughout this paper.

b) Growth Before 1945

Australia, at the time of its definitive discovery by Captain Cook (1770) was unique among large inhabitable land masses (2,974,581 square miles) in that it was almost completely uninhabited (except for a scarce 350,000 aboriginals). For well over a hundred years the continent was looked upon by its sovereigns in London as simply a place to exile convicts (until 1840) and to absorb the human surplus of the British Isles. The economy of Australia developed along the path of least resistance and the land became a sheep pasture for the British Empire. By 1850, Australian flocks were supplying more than half of Britain's wool, and the Australian people--the shepherds--were in return being supplied with their necessities by Britain's factories. In terms of Empire economics Australia was "progressing" perfectly as a reasonably well behaved source of easily obtainable raw materials and as a growing consumer of British finished goods. In terms of Empire defense Australia was only one of many far flung colonies that were amply protected by the invincible Navy and so, there was little or no incentive for any radical steps toward either population or industrial expansion. However, the discovery of gold in 1851, suddenly and dramatically propelled Australia out of its pastoral doldrums and changed the order of magnitude of its potential for growth. Within

ten years (1851-1861) population grew from 405,000 to 1,163,000 and the structure of society began to change. The new demand for food made total importation impractical and so an agricultural sector took root. By 1870 Australian wheat had displaced American wheat in the Australian market and by 1880 it had surpassed the share of Canadian wheat in the British market. But still, any kind of a manufacturing sector that might contribute to capital formation was yet to be born. Indeed, the "strong and well organized" unions that began at that time to establish a tradition of labor arrogance in Australia were in fact unions of miners, seamen, and sheep shearers.¹ By the time the several colonies on the continent were federated into the Commonwealth of Australia (1900), a steel rolling mill, an open hearth furnace, and an electrical apparatus factory had been accumulated, but the status of almost total dependence on the rest of the Empire was hardly changed.²

World War I provided the incentive for the development of a viable manufacturing sector. Not only was Australia suddenly isolated from Britain and British goods by the latter's preoccupation with the war but there was also a sudden demand for war materials that could be manufactured locally with the potential at hand. Textile and clothing industries were followed by food processing, chemicals, shipbuilding, and communications equipment factories. By the war's end Australian industry accounted for 20% of the total work force of 1,880,000 (of a population of approximately 4.6 million)

¹ For an excellent survey of Australia's early years see C. Hartley Grattan, ed., Australia (Berkeley: University of California Press, 1947).

² Industrial Development in Australia (San Francisco: International Industrial Development Conference, 1957), p. 10.

and had firmly established itself within the national economy. Just how firmly became evident when the Great Depression was weathered with comparative ease under the protection of high import tariffs. But, although Australia was gradually becoming less and less economically (and politically) dependent and the potential for real growth was steadily increasing, the spark needed to ignite any kind of "take off" was still lacking.

The war that came to the British Empire, and specifically to Australia, in September 1939, provided the required ignition. For the first time the very existence of Australia as an almost free and very democratic partner in the world wide Anglo-Saxon network was challenged. Meeting that challenge called for complete mobilization, nearly complete self-sufficiency, and the most efficient use of all available resources. For the first time native Australians saw themselves realistically as an underpopulated, underdeveloped, and almost defenseless outpost of an obsolete imperial system. Their complacency was irretrievably lost, and in its place began to grow a clear desire for the type of security that only deliberate, sustained economic and social growth can provide.

c) Growth After 1945

World War II left Australia with a legacy that combined a wide open market for her export products with the release of pent-up demand for consumer goods which traditional foreign sources, damaged by war, were not ready to supply. The Labour Government, which had been in control throughout the war, committed itself to policies of full employment, encouragement of a large public and private investment program, and increased production capacity. Four years of experience in running Australia's wartime

economy contributed to success and by 1949 twenty-five per cent (550 million pounds) of the national income was being reinvested in domestic capital formation. The government was eager to host foreign capital investment as well and in many cases provided foreign owned corporations with factory facilities left idle when war production ceased. As an incentive, development costs were treated as expenses--not capital investment--and were written off for tax purposes. Low interest loans were easily obtainable and often the government guaranteed share purchases.³ By 1958, private overseas investment amounted to 819 million pounds, or 10% of total investment (62% came from the United Kingdom, and 26% from the United States and Canada).⁴

One of many examples of the chain reaction in post war growth began with a radical increase in foreign demand for Australian primary products, such as wheat and wool. Because of labor supply limitations (the population in 1945 being 7.5 million) primary producers were forced to intensify their capital in order to meet demands. The capital could have been imported, but under the government's program of industrial expansion, local suppliers were found and encouraged. Imports, in fact, were subject to rigid controls from 1952 to 1960. Local production of farm machinery created increased demands for steel and metal products. Steel production demanded electricity and coal, and electricity in turn demanded more coal, and later oil. In nearly every case the raw materials were available

³ "The World's Newest Frontier," U. S. News and World Report, April 19, 1965, pp. 68-72.

⁴ Australia--An Economic and Investment Reference (Melbourne: The Specialty Press, 1960), p. 6.

within the Australian continent and wherever it was necessary the government did what was required to insure easy access for the growing industry.⁵ Sponsoring growth to this extent was, of course, costly and necessitated borrowing from abroad (the International Bank, the United States, the United Kingdom, Switzerland, and Canada) the equivalent of 661 million pounds by June 1959. Service on the overseas debt amounted to 25 million pounds that year, which, added to 53 million pounds in profits (the average annual rate of profit of direct United States investment in Australian manufacturing industries has been 23.1%⁶), dividends and other income remitted overseas and 38 million pounds profits accruing overseas but not remitted totalled 116 million pounds.⁷ However, this amount represented (in 1959) only about 13% of Australia's export proceeds (the debt/service ratio had been, and is, steadily declining) and was an acceptable price to pay for the development of an economy that would quadruple its gross national product in fourteen years (to 1959), and reach an annual growth of more than 9% by 1964.⁸ The fact that nearly the entire overseas debt (80%) was contracted not to add to consumption in Australia, but rather to contribute to productivity of the economy as a whole by decreasing imports and fostering instead domestic production to facilitate the increase of

⁵ An exhaustive account of the development of eleven basic industries in Australia is given in Alex Hunter, ed., The Economics of Australian Industry (Melbourne University Press, 1963).

⁶ Ibid., p. 168.

⁷ Australia--An Economic and Investment Reference, p. 6.

⁸ United Nations, Monthly Bulletin of Statistics, February, 1966, p. 170. For a graphic illustration of postwar growth in GNP see Figure 1 in the Appendix.

exports⁹ argues well, as C. P. Kindleberger has demonstrated,¹⁰ for Australia's "capacity to repay." But what of the "capacity to absorb" both the foreign and domestic investment capital which the benevolent government had taken pains to make available? And what of Lewis' causes of termination of growth? In order to handle these questions it becomes necessary to look beyond the factors of capital and raw materials to the key to our model and perhaps the most important factor in the growth process--the quality and quantity of the supply of human labor.

⁹ Sir John Crawford, "The Jolt of the Common Market," The Saturday Review of Literature, January 12, 1963, p. 31.

¹⁰ Charles P. Kindleberger, Economic Development (2nd ed., New York: McGraw-Hill, 1965), pp. 328-332.

II. IMMIGRATION IN AUSTRALIA

a) The Migration Process

The ambitious plans of Australia's post war government very quickly exhausted the domestic labor supply and a condition of "full employment" was reached almost immediately. Pressure for wage increases began to build up, but, in Australia, wages are determined by the central government (the Commonwealth Court of Conciliation and Arbitration) and the industrial courts of the States, and therefore control could be exercised to prevent large rises in consumption at the expense of capital formation.¹ Nevertheless, if expansion were to continue, a continuous supply of labor input had to be found.

Before World War II migration to Australia had been allowed to proceed at a haphazard rate and little attention was paid to the demographic effect on the Australian work force. Indeed, the primary consideration had been the relief of Britain's unemployment problems. A secondary consideration had come to be named the "White Australia Policy." Large scale Chinese immigration (50,000) during the gold rush period of the 1850's had led to serious competition and even racial conflict. Discrimination had sprung up on the continent and resulted, at the time of Australian federation in 1901,

¹ For the background of Australia's unique wage control arrangements see the Official Year Book of the Commonwealth of Australia (Canberra: Commonwealth Bureau of Census and Statistics, 1965), pp. 449-471. For an examination of the wage regulating machinery and the functions of the courts in this regard see Dr. J. E. Isaac, "The Claim for a 10 Pound Basic Wage in Australia," International Labor Review, January, 1951, pp. 149-177. For an example of government restraint of wage increases see "New Round of Wage Increases," The Round Table, June, 1960, pp. 316-318. Figure 1. (see Appendix) compares wages and salaries with the Gross National Product.

in passage of the Immigration Restriction Act which provided de facto exclusion of non-Anglo-Saxons by means of a dictation test requirement and extended complete discretion to the government administrators of the test. This policy of control of the racial (and ethnic) composition of the population was completely successful. In 1901 the non-European population of Australia (excluding Aborigines) was about 1.25% of the total. By 1954 this segment had dwindled to 0.28%.² Even the Aborigines, restricted to reservations in central Australia, had fallen in numbers from about 350,000 in 1788 to 50,000 in 1947.³

The Labour government of 1945 attacked the problem of human input by appointing a Minister for Immigration, Arthur Calwell, who studied the situation and concluded that Australia should aim at increasing its population at the maximum rate consistent with full employment. This amounted to an input of 2% per year, 1% by natural increase (net gain of births over deaths), and 1% by net migration. The latter would involve an intake of 70,000 per year of whom the majority would be young people of working age. Once establishing this goal the government set about finding the means of achieving it. Before the war, Britain, under the Empire Settlement Act of 1922, had greatly assisted in the recruitment of migrants to Australia by paying most of their passage expenses. (The United Kingdom would provide free passage to all ex-servicemen and split the cost of assisted passages for others with Australia.⁴)

² "White Australia--Reform?" Current Affairs Bulletin, July 6, 1964, p. 52.

³ C. Hartley Grattan, ed., Australia (Berkeley: University of California Press, 1947), p. 359.

⁴ W. D. Borrie, "Immigration to Australia 1945-1953," Australian Papers Commonwealth Relations Conference, 1954 (Melbourne: Australian Institute of International Affairs, 1954), p. 2.

This system, which had provided 89.6% of all new arrivals to Australia in the pre-war years was revived, but due to labor shortages and financial problems in Britain the immediate results were very disappointing. Minister Calwell turned to the International Refugee Organization as an alternate source--the I.R.O. would pay all but 10 pounds of the cost of shipping their charges to any country that volunteered to receive them. Cautiously beginning with only 12,000 Displaced Persons in 1947, the Australian government found that economic expansion under its accelerating investment program was creating a demand for many, many more new workers. The quota of Displaced Persons was raised to 20,000 in 1948, and then was almost immediately tripled as every immigrant of working age was caught up by growing industries.

The Menzies Liberal-Country Party which replaced Labour in 1949 was quick to realize the advantages of cultivating a continuous supply of labor to feed the economy. Australia's Gross National Product had begun to leap upwards at a fantastic rate--from 2,236 million pounds in 1949 to 2,677 million in 1950, and 3,586 million in 1951. Immigration from Britain, the traditional source, had picked up, averaging about 50,000 per year, and the I.R.O. had contributed (by the end of 1951) 170,400 "new" Australians. But this was still not nearly enough. Labor shortages resulted in the necessity for granting substantial wage increases in 1950. The imminent operation of Lewis' first cause of growth termination was obvious to the Australian government. Moreover, the reservoir of Displaced Persons was fast drying up as European recovery efforts began to compete with the attractiveness of a "new start" in Australia. The Labour Government had taken some first steps towards widening their sources of immigration by opening "recruiting offices" in a few western European countries. Menzies

now intensified that effort, making bilateral agreements, through the Inter-governmental Committee for European Migration (an agency, partially supported by the United States, which not only organizes shipping,, but also finds a large portion of the migrants' passage money) with Austria, Germany, Greece, Italy, and the Netherlands.⁵ (See the Appendix for descriptions of these and more recent agreements--with Spain and Belgium.) The individual cost to Australia of migrant passages from these countries was about 40 pounds per head.

Migration officers were also posted in Scandinavia, Switzerland, and the United States but the increased cost of passage assistance (70 pounds)--due to lack of contribution from any international agency or from the United Kingdom--and the already high standard of living and demand for labor in those countries mitigate against obtaining any significant numbers of recruits from those sources. Further, the Australian emphasis on "white only" recruitment makes any really active solicitation politically impossible in a very discrimination conscious U. S. A.⁶

In addition to the programs of assisted migration from the United Kingdom and other "preferred" sources (those providing peoples easily assimilated into Australian -- Anglo-Saxon -- economic and social life), immigration had been (and is) allowed, if not encouraged, on a non-assisted basis from southern and eastern European countries, and by 1952, 152,800 migrants had found their way to Australia from Italy, Greece, Malta, Poland, Yugoslavia,

⁵ C. A. Price, "Overseas Migration To and From Australia, 1947-1961," Australian Outlook, August 1962, pp. 168-169.

⁶ "The World's Newest Frontier," U. S. News and World Report, April 19, 1965, p. 85.

Hungary, Russia, and the Baltic States.⁷ (See Table 1. in the Appendix for annual migration--by nationalities--1949-1964.)

b) The Contribution of Migrant Labor

With an abundance of natural resources, whose real extent had only begun to be measured, a government mindful enough of the rules of economic growth through capital expansion--and powerful enough to ensure that capital would be expanded (by inducing investment, controlling imports, and limiting wage increases), and an electorate acquiescent enough to continue such a government in power, the only pressing limitation on Australia's capacity to absorb continued capital input (domestic as well as foreign) was the supply of labor. The annual natural increase in population had, between 1945 and 1955, only just risen above the 1% desired by the government (from pre-war lows of 0.79%) and the numbers of natural born Australians who were reaching sufficient age to join the work force were far from adequate. Consequently, it was migrant labor that made the greatest contribution to the absorption of capital investment. Between 1947 and 1954, no less than 511,000 out of a total of 607,000 persons by which the main working age group (15 to 64 years) increased were people who had arrived in Australia after 1947.⁸ Except for one year (1953), when coal production reached a temporary level of sufficiency and the closure of some mines caused light unemployment, the Australian government has not limited itself to the proposed 1% annual intake of aliens, but rather has encouraged immigration at the highest possible

⁷ For the exact percentages of migrants of various ethnic origins see Borrie, "Immigration to Australia," p. 3, and Price, "Overseas Migration," p. 166.

⁸ Australia--An Economic and Investment Reference (Melbourne: The Specialty Press, 1960), p. 11.

level. Although the proportion of Anglo-Saxons among the new arrivals has been decreasing steadily (down from 89.6% before the war to 32.4% in the postwar period to 1961--while southern Europeans, for instance, have increased from 2.7% to 26.7% in the same period⁹) the lack of resistance to the government's immigration program on the part of organized labor is some evidence of consensus opinion that "whatever (or whoever) is good for expansion is good enough for us." (Industrial disputes, confined mostly to coal mining and stevedoring industries, though high in number during the period of early expansion--1948 to 1957--have seldom been caused directly by the influx of migrants and seldom last for more than one day.)¹⁰

In addition to their numerical contribution, the migrants, being mostly recruited on the basis of individual selection, already possess the skills most needed by the expanding economy (see Table 2. in the Appendix).

c) The Shift in Sources of Migrants

With the large scale recruitment of foreign labor going forward as a continuing process (147,511 migrants in 1965--the biggest intake since the Displaced Person days of 1949 and 1950)¹¹, the source reservoirs of that labor have been changing; almost exclusively from the British Isles (plus Displaced Persons from eastern Europe), at first, then from northern Europe (1950-1956), and finally from southern Europe. The suddenly booming growth brought about by the European Economic Community not only created a local demand for labor in Europe (and provided for the mobility of labor--country to country--within Europe), but also promised to raise local living standards

⁹ Price, "Overseas Migration," p. 166.

¹⁰ Australia--An Economic and Investment Reference, pp. 69-70.

¹¹ The New York Times, February 21, 1966.

to a level competitive with whatever Australia could offer. European Labor Offices (in those countries with which Australia had made recruiting arrangements) went to the length of pigeonholing the applications of those recruited, and de facto embargoes were placed on advertisements and news concerning economic opportunities in Australia.¹² Even Greece, one of the best sources of labor emigrants (for any destination) in recent years, has taken steps to reverse the outflow and has begun to recruit its citizens back to the homeland.¹³ As each reservoir has dried up, the Australian Government has fought the competition first by "upping the ante" (potential migrants may now fly to Australia via Qantas, and are tempted by cheap land, housing, and other inducements¹⁴)--and finally by shifting the focus of their recruiting drive further and further away from the center of the Anglo-Saxon world, Britain, towards other tribes, less and less analogous, but more and more available. (See Table 3. in the Appendix for Australian expenditures on immigration since 1947.) Where the shift will lead, and whether or not Australia will follow depends upon two major factors: a) the future requirement for large numbers of migrant peoples, and b) the future availability of such peoples throughout the world.

¹² P. R. Heydon, "The Key to Australia's Future," Australian Industries Development Association: Director Reports, Number 133, July 1963, p. 6.

¹³ C. P. Kindleberger, "Integration Versus Nationalism in the European Economy," The Reporter, December 2, 1965, p. 38.

¹⁴ For insight into the Australian recruiting program see Heydon, "The Key," p. 7, and "The World's Newest Frontier," pp. 68-72.

III. FUTURE MIGRATION TO AUSTRALIA

a) The Requirement for Additional Migrants

There is little doubt that the present yield of the Australian economy is good. Statistics consistently show Australia ranking in the top level (from fourth to sixth place) of free world nations in per capita income and calorie consumption. (See Figure 2. in the Appendix.) Although labor's returns in wages and salaries have lagged behind the rising GNP--reflecting government's control in this area--personal consumption has been keeping pace with the growing prosperity. (See Figures 1. and 3. in Appendix.) Those migrants who have left Australia and returned to their native country (a high of 14,798 in 1965¹) have been nearly all British (at least so far), and have done so for such reasons as "desire to take a working holiday in Britain," or "the wife's homesickness," or because of death or illness of a relative in Britain. Only a small minority of those who have left were motivated by discouragement or disillusionment with Australian employment conditions and prospects or with housing conditions. Moreover, post-departure follow up on the returnees has shown the large majority either already in the process of going back to Australia (after their second look at Britain) or at least highly enthusiastic about going back in the future.²

Besides being "good," there is promise that the Australian economy will be better. As is shown by Figure 4. (Appendix), Australia has long since passed that crucial point in development where the rising percentage

¹ The New York Times, February 21, 1966.

² For a detailed study of United Kingdom migrants who returned home from Australia see R. T. Appleyard, "Determinants of Return Migration," The Economic Record, September, 1962, pp. 352-368.

of the total work force engaged in manufacturing first exceeds that of the diminishing portion engaged in agriculture. In fact, Australia seems (according to Figure-4) to have already reached that level of sophistication where the manufacturing percentage begins to level off in favor of a sharp rise in the percentage of the total work force engaged in tertiary, or service, industries. It is interesting to compare Figure 4 with Figure 5, which shows corresponding curves in the American experience. But, for all of the signs of health and growth that the Australian economy now evidences, (see Figures 6. - 9. in the Appendix) will it, in the future continue to require migrant labor?

A partial answer can be given by demonstrating the potential of Australia to meet the demands for labor input at the present level of development--without speculating about the demands of an economy that may be just now on the first steps of a sharp upward spiral. A glance at Figure 10 (in the Appendix) informs us that the rapid natural expansion in population increase due to the postwar "baby-boom" leveled off rather quickly. In fact, the Australian birth rate has been dropping steadily since the time information for Figure 10 was compiled (22.8 per thousand in 1961, 22.1 in 1962, 21.6 in 1963, and 20.6 in 1964).³ This decrease is a natural result of the low birth rates during the depression and war years which yielded fewer potential mothers who would have come to child bearing age in the last fifteen years. The drop in natural born Australians serves to emphasize the contributions of postwar migrants who, except for a temporary dip

³ Official Year Book of the Commonwealth of Australia (Canberra: Commonwealth Bureau of Census and Statistics, 1965), p. 314.

in 1961-62, have maintained a steady input and, whose arrivals in 1965, may have possibly outnumbered those babies born in Australia last year. It should be noted also that of the natural born between 1946 and 1962, more than 700,000 children were born to migrant parents.⁴ The fact that the postwar babies are now beginning both to add to the work force (75,000 annually) and to reach child bearing age themselves means that, unless the rising standard of living chokes off the birth rate even more substantially--a not unknown phenomenon--the Australian potential to meet labor demands (without the aid of migrants) would, in the future, only just match the average annual input of the 1954-1960 period (75,000) and would fall far short of the average input of the 1961-1966 period (100,000).⁵ (Note Figure 11 in the Appendix.) The capacity of Australia to supplement its normal annual labor input in response to severe scarcity of workers is not great. Total unemployment of only 1.0% constitutes no reserve in that direction.⁶ Neither is there much help to be found in potential female employees. Of the 4.1 million "economically inactive" Australian females in 1964, 1.5 million were under fifteen years of age, while 0.8 million were over fifty-four. Female students over fifteen (but mostly under nineteen), inmates of institutions, widows and others living on pensions (nearly all over thirty-five) amounted to 0.2 million. The remaining 1.6 million females were housewives.⁷ This is the only potential source of

⁴ P. R. Heydon, "The Key to Australia's Future," Australian Industries Development Association: Director Reports, Number 133, July 1963, p. 5.

⁵ Australia--An Economic and Investment Reference (Melbourne: The Specialty Press, 1960), pp. 60-63.

⁶ Official Year Book, 1964, p. 421.

⁷ United Nations, Demographic Year Book, 1964, p. 520.

female workers available. However, of the total number of housewives in Australia (approximately 2.5 million), no less than 27% - 28% are already members of the labor force--a high proportion as compared with any industrialized country.⁸ Exactly how many more housewives could be lured away from the home would be difficult to estimate, but one thing is certain--the price of the luring would be higher wage rates, immediately at the expense of profits, and ultimately at the expense of investment. The securing of additional labor at the price of reduced investment and declining capital formation is simply counterproductive.

The only other domestic sources of Australian labor (besides the presently unemployed "employables" and the married females not already working) are students, male and female, over fifteen, and the elderly retireds who are living on pensions, rents, and savings. In 1964, the former numbered 250,000 and the latter 813,000 (578,000 of whom were over sixty-five years old).⁹ (A demographic pyramid for 1954 is shown in Figure 12 in the Appendix.) Recruitment of labor from these categories would forfeit the same penalty that must be paid for housewife labor--higher wage rate--plus the additional penalty of losses in human investment by causing students to leave school before they normally would.

Australia's obvious lack of capacity to increase or to supplement its labor force from domestic sources is no secret within its government and only as recently as September 1965, the Minister for Labour promised

⁸ Official Year Book, 1964, pp. 421-422. For remarks by the Australian Minister for Labour concerning the vital contribution made by married women to the national economy see Commonwealth of Australia, Parliamentary Debates, House of Representatives, 25th Parliament, 1st Session (September 2, 1965), 4th Period, p. 717.

⁹ United Nations, Demographic Year Book, 1964, p. 520.

worried members of the House of Commons that 50,000 to 60,000 migrant workers would be procured by the government during the present year.¹⁰ Whatever the cost of the free or assisted passages and the other inducements that will be called for in order to procure these workers, and others like them in the future, from overseas, it will be a "one-time" expense, and no penalties will be attached to the Australian economy since they will be employed at current wage rates.

The remainder of the answer to the question of future migrant labor requirements is found by carefully examining Australia's foreign trade balances and internal shifts within its overall production scheme. In brief, Australia has always been one of the great trading nations of the world, ranking eleventh (in 1956) on total exports and imports and eighth on a per capita basis.¹¹ However, Australia is an exporter of primary products (wheat, wool, sugar, etc.) and during the years since World War II the world prices of primary products have dropped substantially in relation to the prices of finished goods. (See Figure 13 in the Appendix.) This decline has been due to: a) failure of the industrialized countries to spend more for food and agricultural raw materials as their incomes and living standards have risen, b) the ability of the industrialized countries to increase their own agricultural production (through mechanization of planting, harvesting, etc., and through more sophisticated cultivation techniques) thereby cutting down import requirements, c) a steadily increasing level of protection (tariffs, quotas, subsidies, etc.) of agricultural commodities in Western Europe since

¹⁰ Commonwealth of Australia, Parliamentary Debates, House of Representatives, 25th Parliament, 1st Session (September 23, 1965), 4th Period, p. 1189.

¹¹ Australia--An Economic and Investment Reference, p. 24.

1953, and d) the substitution of synthetics by the industrialized countries for traditional natural raw materials.

In the decade 1951-1961, Australia's export prices fell by 42%, while import prices rose 6%. And, during the period 1957-1961, while industrial output in the EEC rose 30%, Australia's exports to the Community actually fell by 29%.¹² The net result has been a very adverse trade balance for Australia--the accumulated deficit on current account between 1956 and 1964 amounting to \$2.4 billion. Australia's balance of payments, however, has been able to weather the unsatisfactory trade balance with the help of very large injections of foreign investment--totaling, during the same period (1956-1964) \$3.0 billion.¹³ But, the latter figure includes undistributed profits (dividends owed to overseas investors). It has been noted with some alarm (by the Deputy Prime Minister) that during the years 1962-1964, payments in the form of dividends to overseas companies exceeded new direct foreign capital investment by 22.8 million pounds.¹⁴ Obviously then, Australia must move to correct the trade deficit before the situation becomes even more precarious (i.e., a drop in foreign investment due to external or internal problems would cut into Australia's foreign exchange reserves and curtail imports at the expense of continued economic growth).

If, even at reduced price, Australia could find new and larger markets for its customary primary exports, the deficit might be made up through increased sales. Communist China has provided, to some extent, such a market,

¹² Robert Menzies, "Britain and Europe," Current Notes on International Affairs, October, 1962, p. 37.

¹³ Commonwealth of Australia, Parliamentary Debates, House of Representatives, 25th Parliament, 1st Session (April 27, 1965) 3rd Period, p. 432.

¹⁴ Ibid., p. 433.

but it has not made up the difference--not to mention that such trade is fraught with political difficulties. India might be such a market, but it has little to offer in return--and is now, in fact, being fed at a very non-competitive rate by the United States. The only real solution for Australia is, therefore, a shift in export products. This shift has already been initiated with more than satisfactory beginnings. Markets have been found, particularly in Asia, and specifically in Japan, for Australian mining and manufacturing products and export emphasis has begun a gradual movement away from the traditional agricultural and pastoral products towards commodities that yield higher export earnings. The net exports of manufactures (principally metals and machinery) almost quadrupled during the period 1949-1960, and are expected to double again by 1969. Meanwhile, exports of rural products (wheat, wool, sugar, etc.) over the same time span showed either relatively slight gains (sugar, 47%, and beef 103%) or no gains at all (wheat, wool, and mutton). The net adjusted earnings from all agricultural exports was 90 million pounds less in 1960 than in 1949.¹⁵

Trade with Japan has blossomed due to Japanese economic growth--overtaking Australian trade with Britain in 1964¹⁶--and is mostly concentrated in ores and metals. (Japan has ordered \$2.7 billion in iron ore to be delivered over the next twenty-five years, and buys 120,000 tons of "simply transformed" metals from Alcoa Corporation in Western Australia each year.¹⁷) The propitious direction of trade with Japan (officially arranged by treaty

¹⁵ Colin Clark, "Economic Growth," and J. Vernon, "Australia's Capacity for Growth, Prospects for Growth in Secondary Industries," Economic Growth in Australia, John Wilkes, ed., (Sydney: Angus and Robertson, 1962) p. 18, pp. 52-53.

¹⁶ "Asians Together," The Economist, May 9, 1964, p. 581.

¹⁷ "The World's Newest Frontier," U. S. News and World Report, April 19, 1965, p. 70.

in 1957) has speeded the reorientation of Australian export markets toward all of Asia--changing from 9% (of total exports) in 1945 to 31% in 1963, and moving upwards rapidly.¹⁸

This shift in export products has been a shift towards industrial processes requiring much higher levels of labor intensity. It is true that modern mining processes are not, per se, more highly labor intensive than modern agricultural processes, but their train of ancillaries is greater and it is the domestic supply of these ancillaries (power, machinery, smelters, transportation, etc.) that causes the requirement for more workers.¹⁹

If, then, we are satisfied that the state of the Australian economy and its reactions to pressures exerted upon it are such as to require a steady, or possibly increasing, influx of migrants, we must consider, parenthetically, the relationship of the extraterritorial sources of immigrants with Australia before we finally inquire from where the migrants will come.

b) Australian Interactions With the "External Subsistence Sector."

As we have already seen, European sources of labor to feed Australia's expansion have been drying up. So-called "preferred peoples" have been getting more and more difficult to procure as their native environments have improved. The industrious Ministry of Immigration has utilized all the means of inducement at its command in competition with foreign economies and governments, except for advising its own government to raise wage rates--and

¹⁸ Sir John Crawford, "The Jolt of the Common Market," The Saturday Review of Literature, January 12, 1963, p. 32.

¹⁹ Figures demonstrating labor reductions, over time, in the primary product processes, and labor increases in secondary, and tertiary industries are given in the Official Year Book, 1964, pp. 404-405.

this, we have noted, would be counterproductive. Lewis demonstrated this point in his discussion of the possible interactions between his two sectors (subsistence and capitalist), and it should be amplifying to examine the precise applications of those interactions to the Australian situation.

Besides establishing the logical end-point for his growth model as the exhaustion of all surplus labor, Lewis warned that growth might cease earlier due to either non-economic causes (such as earthquakes, plagues, revolutions,-- or nuclear holocausts) or to a rise in real wages such as to reduce capitalists profits to a level at which they are all consumed and there is no longer any net investment. Real wage increases in the capitalist sector can come about, according to Lewis, through any of four interactions between the subsistence and the capitalist sectors. The first interaction occurs when capital accumulation proceeds faster than population growth and thereby reduces absolutely the number of people in the subsistence sector (as they move from the farm to the factory). The average product per man in that sector rises then-- because there are fewer mouths to share the product--and creates a pressure from below that forces the capitalist wage upwards (so that it may be maintained at an above subsistence level, creating the differential that attracts labor into the capitalist sector). This applies to Australia--which relies on an extranational subsistence sector--only in so far as the subsistence levels (living standards) of foreign nations creep upwards. We have seen that higher European living standards have made migration to Australia less attractive, causing the Australian government to offer more incentive to potential immigrants. However, the growing shortage of such immigrants has not yet exerted enough pressure to force, by itself, an increase in Australian real wages.

Growth in the size of the capitalist sector relative to the subsistence sector causes Lewis' second interaction. Here, the terms of trade turn against the capitalist sector and force the capitalists to pay workers a higher percentage of their product in order to keep their real income constant. This (in Lewis' framework) is simply a case of increasing value' of agricultural products (as there are fewer farmers and more urban workers) and higher subsistence earnings, versus decreasing value of manufactured commodities (as the marginal physical product of industrial labor drops) and lower capitalist real wages. The effect, unless profits are cut, is to narrow the margin between income levels of the two sectors, thereby rendering less effective the incentive mechanism which causes "unlimited" labor to flow from one sector to the other.

Dismissing the impossible danger that Australians will come to outnumber non-Australians, and noting once again that Australia draws its agricultural products and its labor inputs from two different sources (one internal, the other external), this second interaction is germane only to the extent that Australia's external terms of trade with those countries which have traditionally been suppliers of labor have, in fact, become adverse. This, however, has been due to the postwar changes in the relative prices of primary and secondary products on the world market--a condition which we have already discussed. Instead of reacting to this unfavorable trade balance by increasing the percentage of the product (in this case, agricultural and pastoral goods) paid workers (farmers and sheepherders) as Lewis suggested, Australia has commenced a shift in export products (towards minerals and machinery) whose prices will restore the balance. The margin between the Australian capitalist sector and its extraterritorial subsistence sector has indeed narrowed--but only because of increases in the latter's real income at

the expense of non-Australian economies, and not due to any reduction in Australian industrial profits.

The third interaction obtains when the subsistence sector becomes more productive in the technical sense--"imitating the techniques of the capitalist sector." This increased productivity, as in the first case, tends to drive capitalist sector wages upwards in order that they stay above the rising subsistence level. Again, relying on foreign sources of labor, Australia has been able to do nothing to retard technical progress within those sources (which have been experiencing consequent rises in incomes), but has nevertheless not resorted to increasing Australian incomes (at the expense of capital formation) solely in order to preserve the margin of difference. The question of whether or not Australia will seek other sources (where income rates are lower) in preference to raising Australian income at the ultimate cost of growth is, indeed, the central issue of this paper.

The fourth, and last, of Lewis' interactions really concerns only the capitalist sector itself. Here, we are warned, "the workers . . . may imitate the capitalist way of life, and may thus need more to live on." Such an increase in incomes (secured, presumably, by strong labor unions), at the cost of profits, would naturally increase consumption at the cost of investment. However, in the face of a continuous arrival of new labor (procured from abroad by the government) an increase in the Australian capitalist wage due to this effect seems unlikely without either: a) a radical change in the government's immigration policy and/or its philosophy of growth, b) a radical change in the make-up of the government itself, or c) a radical change in the force and disposition of Australian labor unions. It is important to note that such changes are not impossible and may, in fact, be brought about by sudden changes in the nationalities or complexions of future immigrants (if government does shift its recruiting to other

sources)--or even simply by the sheer number of immigrants as the demand for them continues unabated. Popular reaction against immigration is not unknown, certainly; it occurred in the United States after World War I (when foreign born migrants constituted over 20% of the American labor force) and took the form of restrictive legislation. (Asians had been excluded much earlier--the Chinese in 1882, and the Japanese beginning in 1907.) Such reaction is evident now in Switzerland, where 30% of the work force are immigrants, and it is expected that foreign born residents there will be limited to one-tenth of the total population.²⁰

The net effect of Lewis' comments about interactions is an admonition against permitting pressures from the subsistence sector, or from within the capitalist sector itself, from forcing capitalist wages to rise at the expense of profits (and therefore, of investment, and therefore, of growth). Those pressures that exist, vis-a-vis Australia, have been duly noted. Accepting then, the dual proviso for growth of providing (for Australia) a continuous supply of labor, without allowing real wages to rise, we are left with the question of the availability of this supply.

c) The Availability of Future Migrants

In all of the years preceeding 1900 the world's population succeeded in growing to approximately one and one-half billion. By 1963, that figure had doubled to three billion, and by the year 2000, demographers tell us, the world's population will double again, to six billion.²¹ The main impact of this now geometric growth is not spread equally around the world, however,

²⁰ C. P. Kindleberger, "Mass Migration, Then and Now," Foreign Affairs, July, 1965, p. 649.

²¹ "The Politics of Population," The Saturday Review of Literature, September 7, 1963, p. 10.

but is concentrated among the lessor developed countries of Africa, Latin America, and Asia. Fully 80% of the total population increase in the decade 1953-1963 took place in those countries in which industrialization is still embryonic.²² The highest European rates of population growth (Poland, 1.8%, Holland and Switzerland, 1.4%, Germany, 1.2%) are puny in comparison with non-industrialized countries of comparable population (Nigeria, 5.7%, Brazil and Mexico, 3.1%, South Korea, the Philippines, and Thailand, 2.9% to 3.2%).²³ While the growth rates of Britain, Italy, and France (0.5%, 0.6%, and 1.1% respectively) threaten greater labor shortages in the future, other nations, over packed with super-populations, seem unable to substantially reduce their increases. (India's 435 million are growing at 2.0%, while Pakistan, with 94 million is growing at 2.1%--and perhaps no one really knows how fast Communist China is spawning human beings.)

To a nation scanning the horizon for immigrants (as is Australia), a rapidly swelling population is not the only criterion for selection as a possible source. Australia must depend upon the margin between its own living standard and that of its foreign subsistence sector. The wider the margin, the easier and cheaper it is to attract the desired numbers of immigrants. Figure 2 (calories and income per capita), however, has shown us that it is the same countries which have now, and will continue to have large and rapidly growing populations that also have the lowest living standards relative to Australia. These countries have in common--besides their obvious suitability as labor sources--geographic locations that are non-European and ethnic properties that are more dissimilar to Anglo-Saxons than, for instance, those of the Germans, the Italians, or even the Greeks.

²² Ibid., p. 11.

²³ United Nations, Demographic Year Book, 1964, pp. 156-168.

This dissimilarity, as continuously emphasized by the traditional "White Australia" sentiment, may well be the paramount obstacle to the continuation of Australian growth. If, as we have shown, undiminished labor inputs must be forthcoming from outside Australia in order to sustain the present growth rate, any factor that inhibits the recruitment of such inputs acts, at the same time, to implement Lewis' causes of growth termination.

In the light of increasing industrialization and competition for labor²⁴--as pressures for change--we must look, then, at the breadth and depth of the "White Australia" sentiment before we can finally frame the vital decision that is facing the Australian nation.

²⁴ It was recently reported that the Australian labor shortage is such that "in some skilled occupations there are fifteen jobs for every applicant," and that, in spite of last year's record number of immigrants, the Minister for Labour, William McMahon, "is still crying out for more migrants." "Manning the Outpost," Time, July 9, 1965, p. 30.

the following table, the results of the analysis of variance are given.

Source of Variation		Sum of Squares	Mean Square	F	Prob.
Between groups	1	1.10	1.10	1.10	0.30
Within groups	10	1.10	0.11		
Total	11	2.20			

The results of the analysis of variance are given in the following table, the results of the analysis of variance are given.

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IV. THE CHOICE CONFRONTING AUSTRALIA

a) The Changing Attitude of Non-European Exclusion

The Australian Parliament, in preparing the Immigration Restriction Act of 1901, had been enjoined by Joseph Chamberlain, British Colonial Secretary, against allowing such legislation to be discriminatory in form, ". . . at least so far as it affected races in which Britain had special interest, notably the Indians and Japanese."¹ Hence, the mechanism of the dictation test was employed. The passage of time, however, and the increasing tempo of international intercourse served to draw attention to the offensiveness of even this obtuse method of discrimination, and, after the signing of the important trade treaty with Japan in 1957, new and hopefully less provoking legislation was passed. (See the Appendix for present immigration laws and policies.) Since 1958, Australia has been open to all immigrants--provided only that they can obtain an Entry Permit. Discretion as to the issuance of such permits is lodged with the Minister for Immigration who is guided by a policy (see the Appendix) of non-European exclusion basically unchanged since the formation of the Commonwealth in 1900. At present there are hardly more than 37,000 non-Europeans (discounting Aborigines) in all of Australia, and this figure includes the descendants of the Chinese influx during the Gold Rush period, as well as some 12,000 Asian students being educated in Australia under the Colombo Plan.²

Despite increasingly numerous pleas for a revision of the exclusion

¹ A. T. Yarwood, Asian Migration to Australia (Melbourne: Melbourne University Press, 1964), p. 151.

² Official Year Book of the Commonwealth of Australia (Canberra: Commonwealth Bureau of Census and Statistics, 1965), p. 295.

policy (based on such arguments as: the need to "enrich" the Australian culture, the psychological effect on future dealings with non-European countries, the beneficial effect on the Australian image abroad, and even the "rightness" and morality of non-discrimination³) events have shown the Government (until very recently) to be uninterested in change. In 1959, approximately six hundred illegitimate children, born of Japanese mothers and fathered by Australian soldiers on occupation duty in Japan, were refused Entry Permits to Australia because the Minister for Immigration felt that their admittance would not "be acceptable to public opinion or desirable in any respect."⁴ Again, in 1959, when Australia took possession of the Direction Island cable station from Britain, Asian families, native to the island, were forcibly removed to be resettled in Singapore.⁵ In 1963, five Japanese technicians, admitted temporarily, were convicted of violating a law passed in 1904 to the effect that, "no Asiatic or African alien shall be employed in any capacity whatever in or about any mine claim."⁶ The same year, during an election campaign, Sir Robert Menzies, the Prime Minister, insisted that he would never permit any basic reform in the immigration policy because, "To do so would create in Australia the kind of dreadful problems they now have in other countries."⁷

If the moral and diplomatic arguments have generated insufficient pressure for change, the growing economic dilemma seems to have a better chance for success. Akin to the Swiss (one-third of whose work force are foreigners),

³ Control or Colour Bar (Melbourne: The Immigration Reform Group, 1960), and "Time to Change Migration Controls," The Canberra Times, editorial, November 26, 1964.

⁴ Control or Colour Bar, p. 10.

⁵ Ibid., p. 10.

⁶ "Asians Keep Out!" Time, December 20, 1963, p. 25.

⁷ Ibid., p. 25.

who C. P. Kindleberger describes as "economically damned if the workers leave, and politically and socially altered beyond recognition if they stay,"⁸ the Australians have begun to feel themselves in a precarious position. Unlike the Swiss, who have taken steps to limit immigration, the Australians have begun to opt, not only to keep foreign labor, but to encourage it from non-traditional sources. The Gallup Poll has reported that in 1965 seventy-three percent of the Australian population would approve of an annual influx of non-Europeans (specifically, skilled Asians).⁹ In comparison with the thirty-one percent who reflected the same opinion on the same issue (as reported by Gallup) in 1954, this constitutes a significant evolution in public sentiment.¹⁰ Whether this evolution is a product of rational economic decision making on the part of Australians or is due to a combination of other factors (such as the growing non-Anglo-Saxon proportion of the population who are presumably less anxious to preserve the "homogeneity" of their society) is as yet undetermined. Australians are conscious of their economic environment, however, as they proved when they authorized continued foreign capital investment by a referendum held in February, 1965.¹¹

There is evidence too, of changes within the labour movement, which has been described as having a "wholesome dread of an influx of labor."¹² In August, 1965, the Labour Party expunged the term "White Australia" from their party platform and is now adjusting itself to an expanding non-British

⁸ C. P. Kindleberger, "Mass Migration, Then and Now," Foreign Affairs, July, 1965, p. 651.

⁹ "Manning the Outpost," Time, July 9, 1965, p. 30.

¹⁰ Control or Colour Bar, p. 34.

¹¹ "The World's Newest Frontier," U. S. News and World Report, April 19, 1965, p. 70.

¹² "A Less-White Australia," The Round Table, June, 1963, p. 229.

membership.¹³ At the present rate of migrant input the process of adjustment seems to be surprisingly painless. Assimilation studies conducted in recent years have shown that native Australians are actually in favor of a mutual adjustment (i.e., gradual convergence of natives and migrants, through interaction, towards a new society--with each group changing somewhat in order to better relate to the other group) rather than a completely one-sided adjustment on the part of the migrants.¹⁴ Whether this healthy attitude would survive in the presence of non-European migrants in increasingly large numbers is difficult to predict. There seems little doubt, however, that the trend towards accepting such migrants--at least under quota regulations--in the interest of sustaining economic growth, exists in the present and seems to be growing stronger each year. The decision, which cannot be too long delayed, must be made by the Government, which has been responsible for the perpetuation of the exclusion policy, and must be made in the light of clear economic alternatives.

b) The Choice of Alternatives

It has not been the point of this paper to show that immigration to Australia from the United Kingdom, northern, or southern Europe will, in the future, dwindle away--or even that it will diminish greatly from its present levels--although such a possibility certainly exists. Rather, our purpose has been to draw attention to circumstances, quite beyond the control of the Australian Government, (such as the elevation of European living standards, and the shift in relative values of commodities on the world market) which have the effect of diverting potential European immigrants away from

¹³ The Economist, August 14, 1963, p. 597.

¹⁴ Ronald Taft, "The Assimilation Orientation of Immigrants and Australians," Human Relations, August, 1963, pp. 291-292, and Ruth Johnston, "A New Approach to the Meaning of Assimilation," Human Relations, August, 1963, pp. 295-298.

Australia, while the demand for labor in Australia grows stronger, and which ultimately force the Australian Government to adopt more costly economic measures in order to obtain additions to its work force. Moreover, we have noted that Australia has been forced, in the interest of continuing its rapid growth, to compromise its earlier "Anglo-Saxon only" sentiments by encouraging non-British Europeans from steadily more diverse nationalities. Finally, we remarked that the trend in Australian ethnic/racial attitudes has been in a direction away from the traditional "White Australia" and towards a more universal tolerance.

Three alternatives spring from this analysis of the Australian situation. The first alternative is perhaps the simplest--that is, to do nothing. The Australian Government could freeze expenditures on immigration at the present level and accept in the future whatever quantity of migrants such a level of inducements might attract. If the present non-European exclusion policy were left in force, Australia would then be gambling that European living standards (the "subsistence level") would climb no higher and that therefore the margin which serves as an attraction mechanism would remain the same. Even if Australia should win this gamble--which is very doubtful--the numbers of European migrants attracted would remain the same, and we have seen that the Australian economy demands a constantly increasing labor input. If, more probably, Australia should lose, and the margin were to close, then the input of workers from the "unlimited supply" would drop. A labor scarcity would produce the increase in real wages (at the expense of profit and investment) which Lewis warned of as the cause of termination of growth. To do nothing then, is to sacrifice the economic growth about which Australians have come to feel justly proud.

Some would argue, perhaps, that a reduction in the rate of growth due to increases in real wages need not stagnate or depreciate the economy because aggregate demand (which "purchases" the goods and services that make up the Gross National Product) would be supported by the increased buying power of consumers. This is true--but only for the very short run. It is the "mix" within aggregate demand which really determines whether future GNP will rise or fall, or remain the same. Tomorrow's production of goods and services depends upon the investment portion of the mix, and this investment portion, in turn, depends much more heavily upon profits than upon whatever may be saved from the incomes of consumers. When the consumption portion of the mix is allowed to increase at the expense of investment, goods and services are eaten up, annihilated, and therefore made incapable of contributing towards future production. The machinery that must produce whatever is necessary to meet the aggregate demand grows each year less and less able to do so. This then, is stagnation and depreciation.

The second alternative would be to maintain the existing exclusion policy and to raise immigration expenditures as necessary in order to obtain the required labor. Provided that this does not include raising domestic incomes (disproportionately to GNP), and provided that Europeans can continue to be found to respond to inducements (free passage, air travel, cheap land, guaranteed jobs, etc.) this choice seems quite satisfactory. However, this too, implies a gamble. Australia must wager that European economies will not reduce the margin to nothing, or indeed, that they will not reverse the margin altogether. If that should become the case--and it is certainly not impossible--it is doubtful that many Europeans would sacrifice an equal or better living standard in order to move to Australia, regardless of whatever inducements might be offered. There is also the danger that European governments, struggling with their own labor shortages, might simply

prohibit their citizens from emigrating. To choose this alternative then, is to accept considerable risk.

The last alternative is, of course, to dissolve the exclusion policy and to replace it with some system (quotas, etc.) which would permit the admission of non-Europeans in such numbers as to make up the difference between industrial labor requirements and the normal input of "school-leavers" and European migrants. The numbers of incoming Latin Americans, Asians, and Africans would, certainly, be subject to governmental control, and their rate of input could be made to relate to the speed with which they assimilated. (Technically, there is now encouragement for some Latin Americans, but, actually, few are admitted.) Inducements for non-Europeans probably need not be as high as they presently are for Europeans, and savings in this area might well be spent on facilitating the assimilation process. As we have seen, many non-European nations are abundant sources of labor manpower, and all of them fall well within the "external subsistence sector" relative to Australia, and should remain so throughout the foreseeable future.

Choice of this third alternative means, therefore, continuing the present Australian growth process unabated. Such a choice also means acceptance of non-whites into Australian society and, therefore, the decision requires that the Australian people and their government place an economic value on their social prejudices. The Australian decision, being more clear-cut and well defined than most in economics, or in sociology, certainly seems to merit continued attention.

APPENDIX

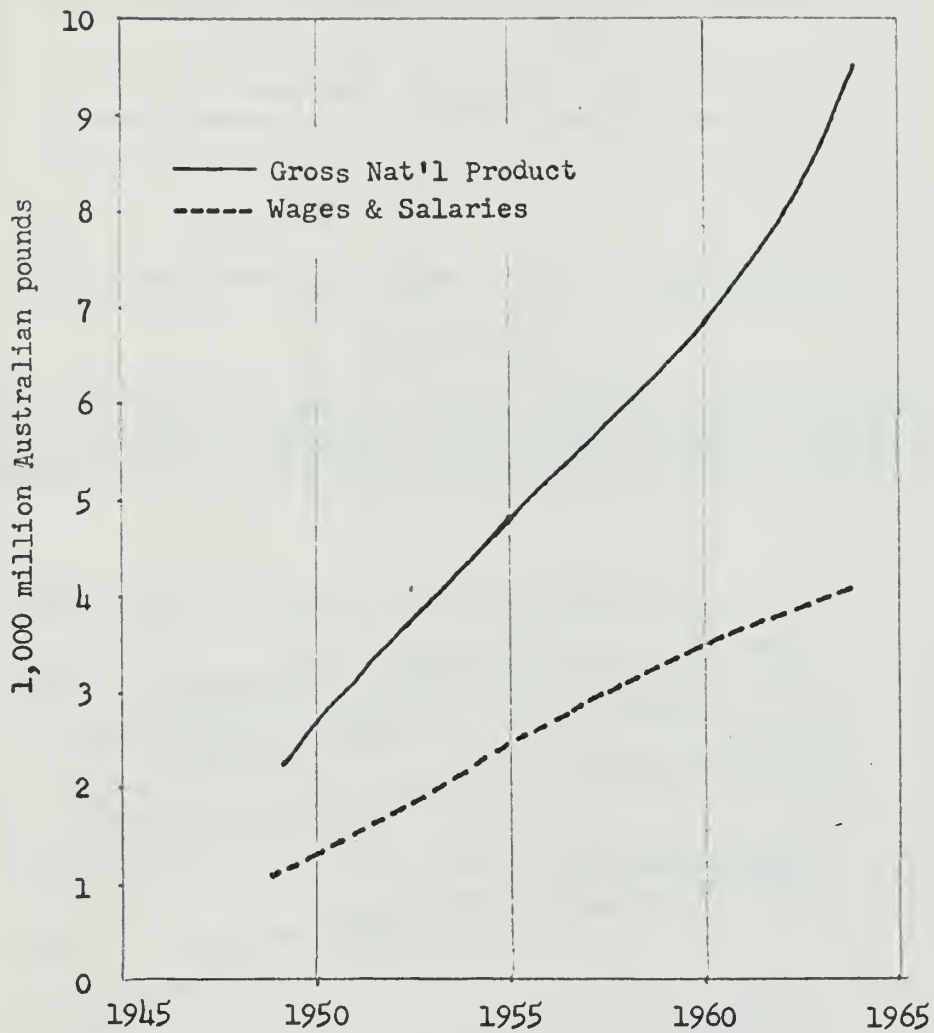


Figure 1. Australian Gross National Product compared with wages and salaries, 1947 - 1964. Source: Official Yearbook of the Commonwealth of Australia (Canberra: Commonwealth Bureau of Census and Statistics, 1965), p. 1264.

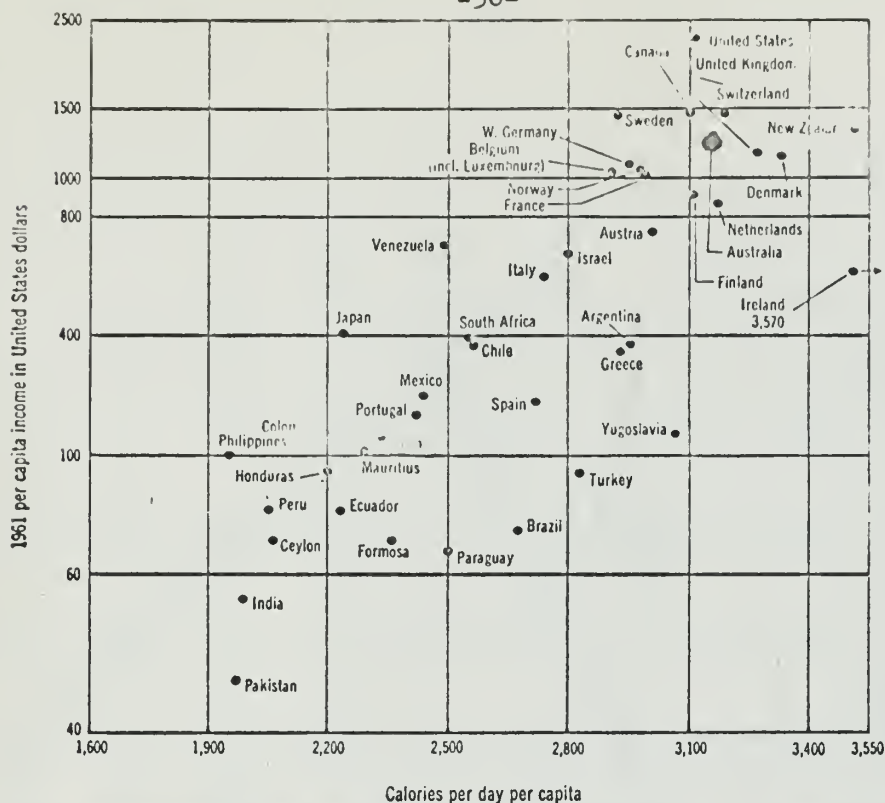


Figure 2. Calories per day per capita compared with income per capita, about 1961. Source: Charles P. Kindleberger, *Economic Development* (2nd ed., New York: McGraw-Hill, 1965), p. 277.

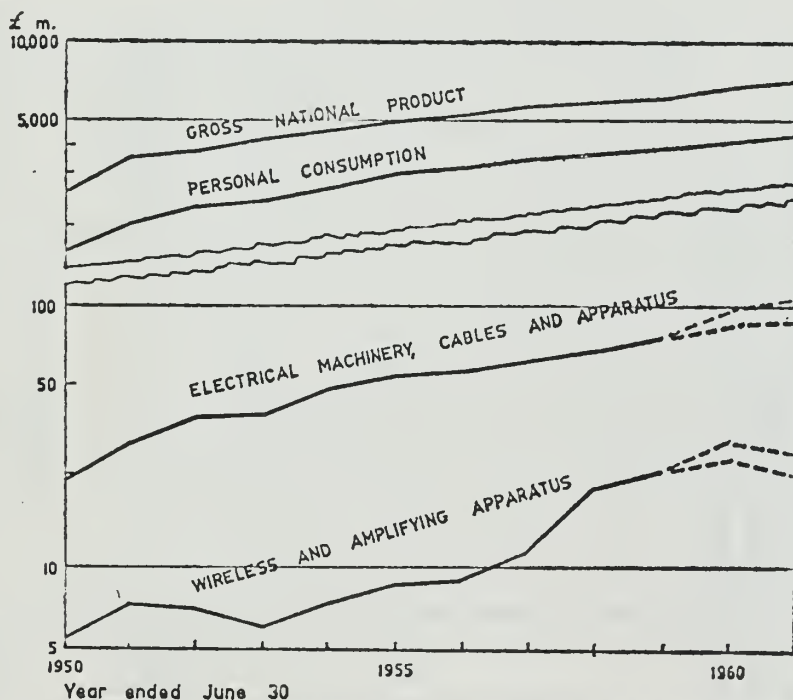


Figure 3. Production of electrical equipment compared with GNP and personal consumption. Source: K.A. Blakely, "The Production of Electrical Equipment," *The Economics of Australian Industry*, Alex Hunter, ed. (Melbourne: Melbourne University Press, 1963), p. 399.

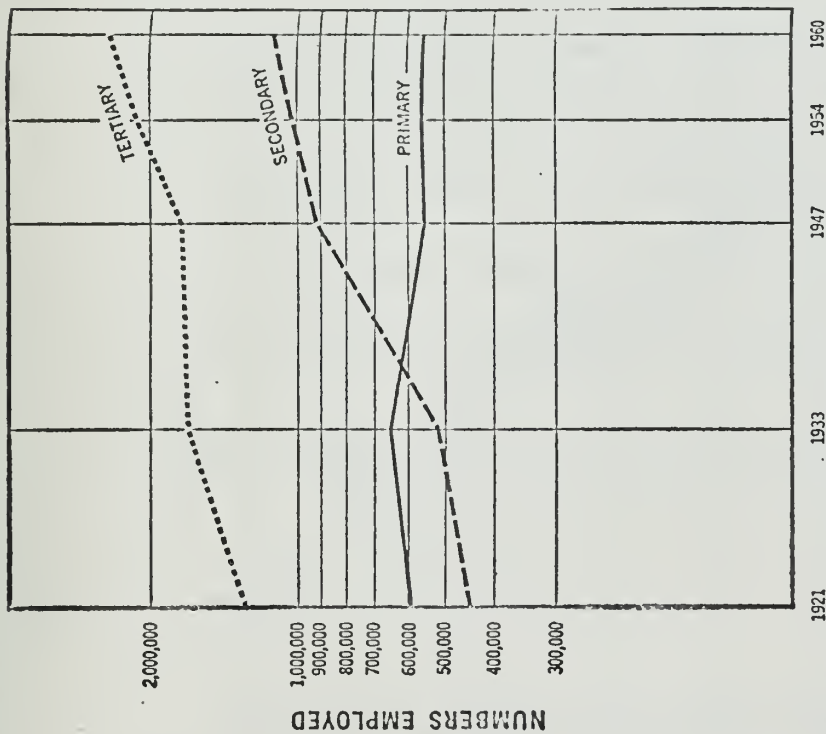


Figure 4. Employment in various sectors of Australian industry. Source: J. Vernon, "Australia's Capacity For Growth -- Prospects for Growth in Secondary Industry", Economic Growth in Australia, John Wilkes, ed. (Sydney: Angus and Robertson, 1962), p. 78.

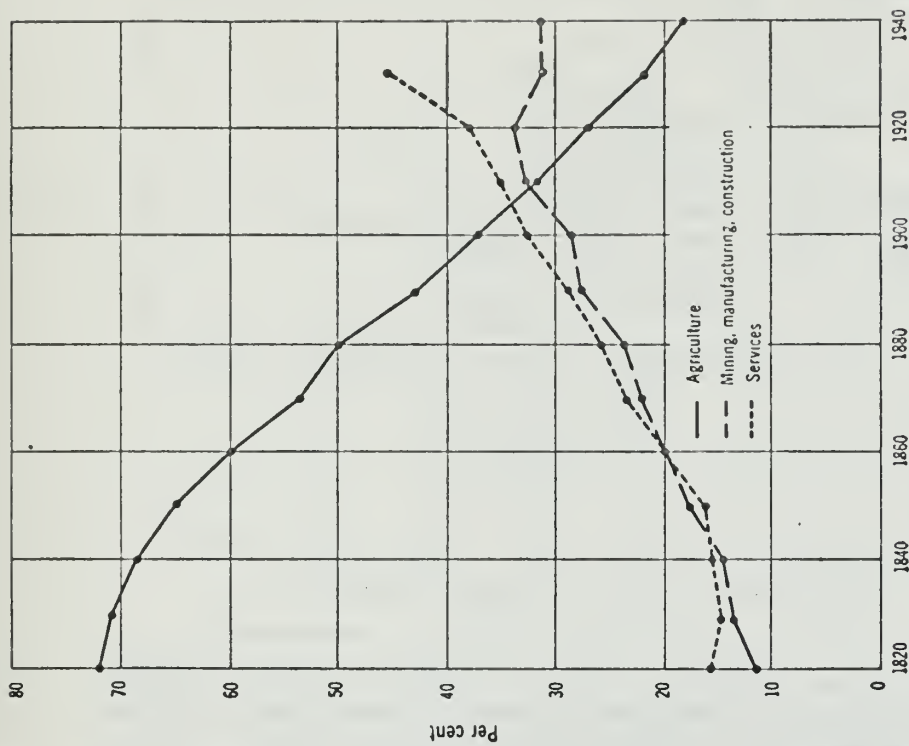


Figure 5. Employment in various sectors of American industry. Source: Charles P. Kindleberger, Economic Development (2nd ed., New York: McGraw-Hill, 1965), p. 178.

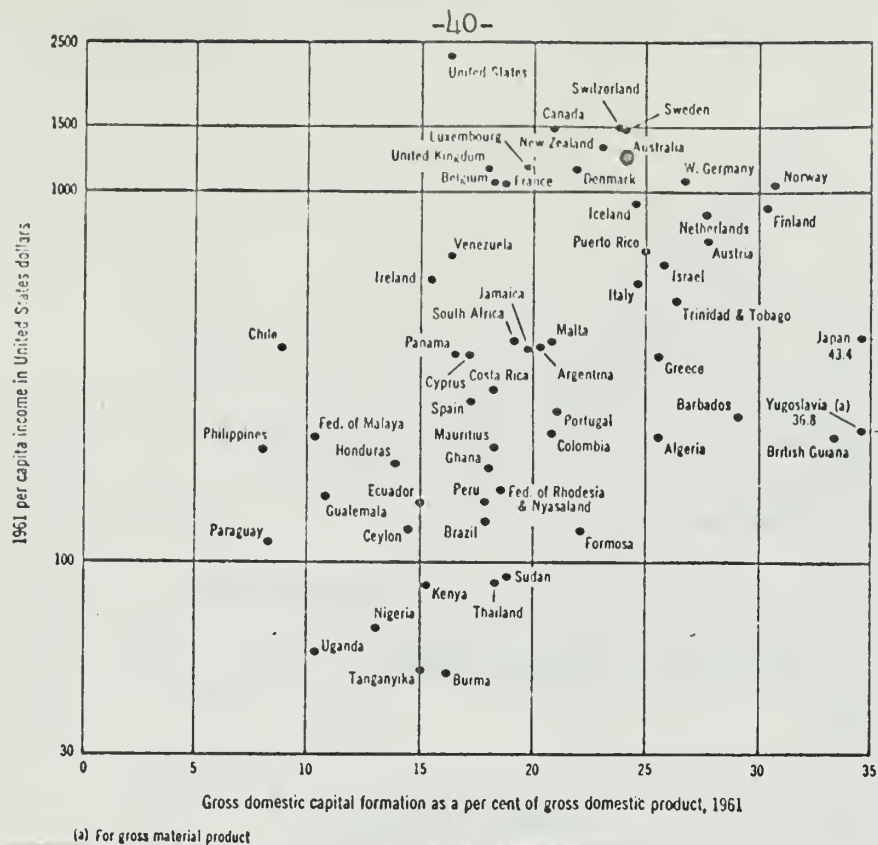


Figure 6. Gross domestic capital formation as a percentage of gross domestic product compared with income per capita. Source: Charles P. Kindleberger, *Economic Development* (2nd ed., New York: McGraw-Hill, 1965), p. 98.

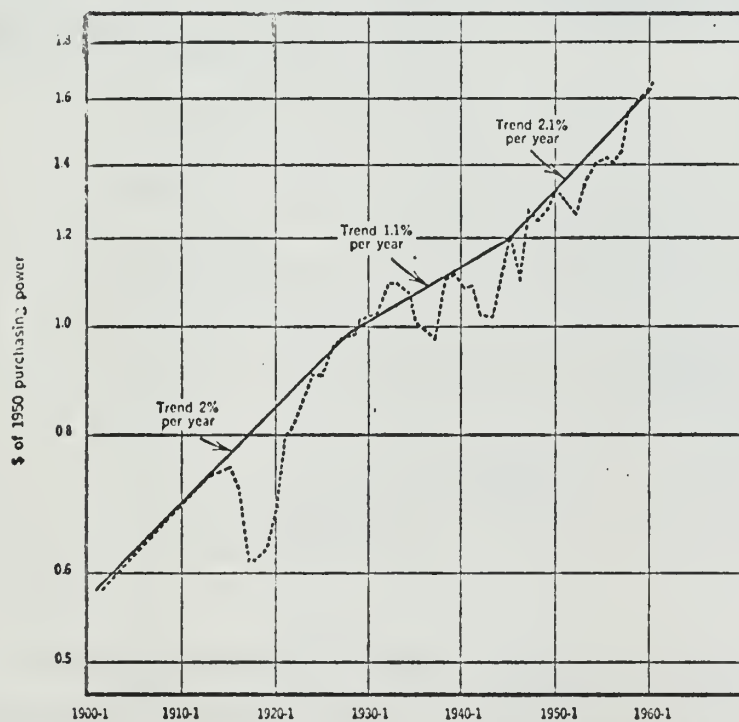


Figure 7. Real product per man-hour of labor input in Australia. Source: Colin Clark, "Economic Growth," *Economic Growth in Australia*, John Wilkes, ed. (Sydney: Angus and Robertson, 1962), p. 3.

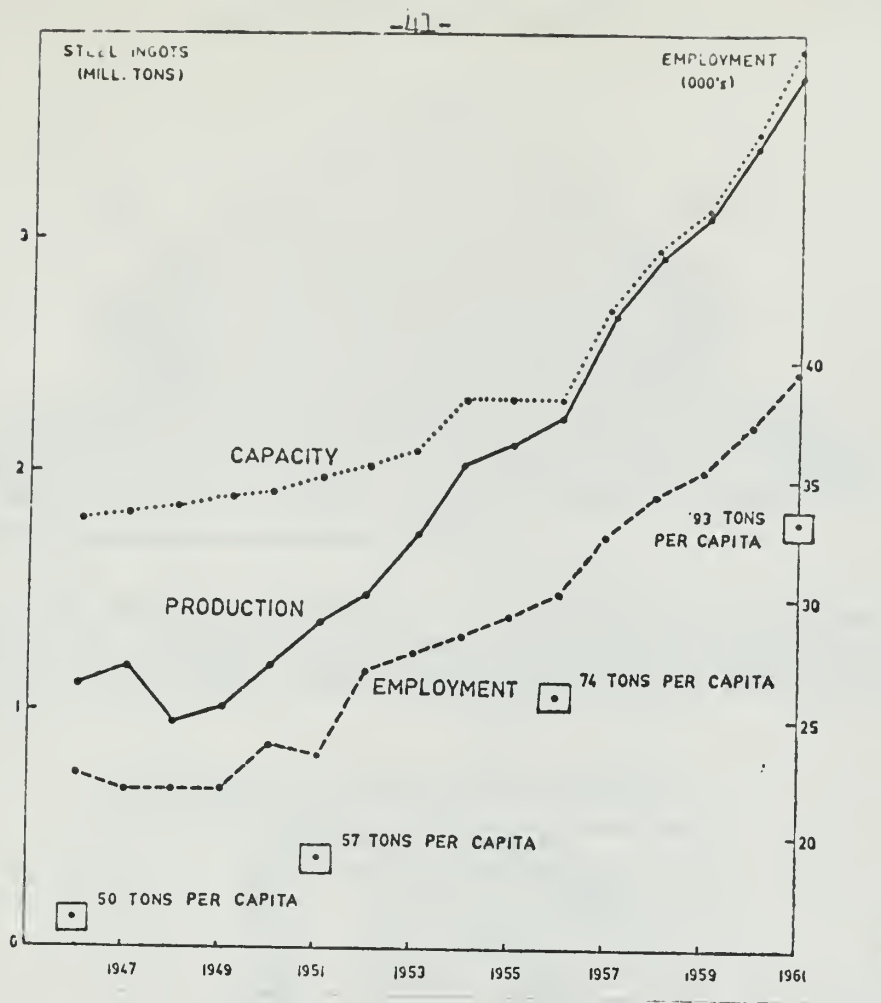


Figure 8. Crude steel capacity, production, and average employment in Australia's steel industry. Source: N.R. Wills, "The Basic Iron and Steel Industry," *The Economics of Australian Industry*, Alex Hunter, ed. (Melbourne: Melbourne University Press, 1963), p. 231.

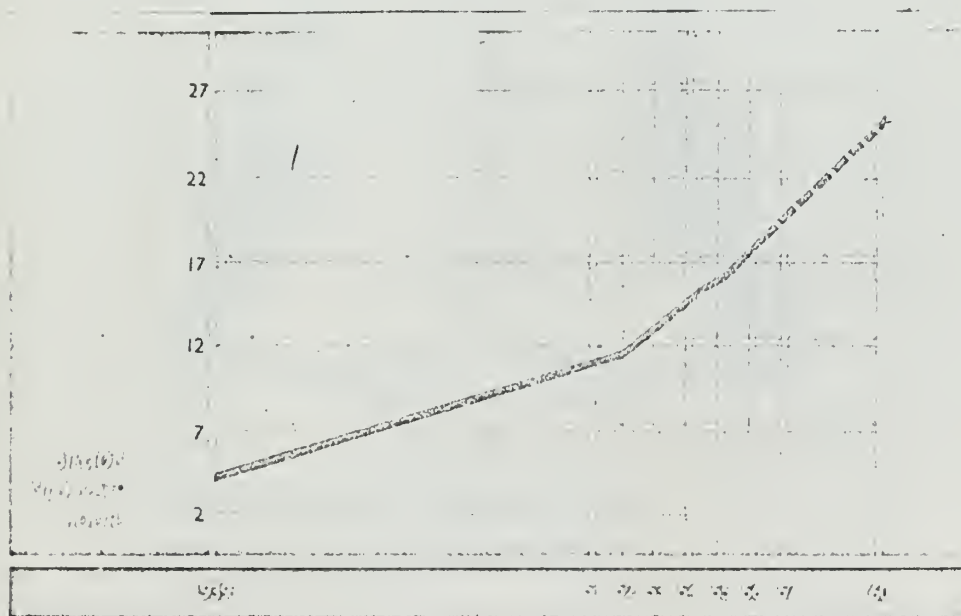


Figure 9. The generation of electric power in Australia. Source: *Industrial Development in Australia* (San Francisco: International Industrial Development Conference, 1957), p. 24.

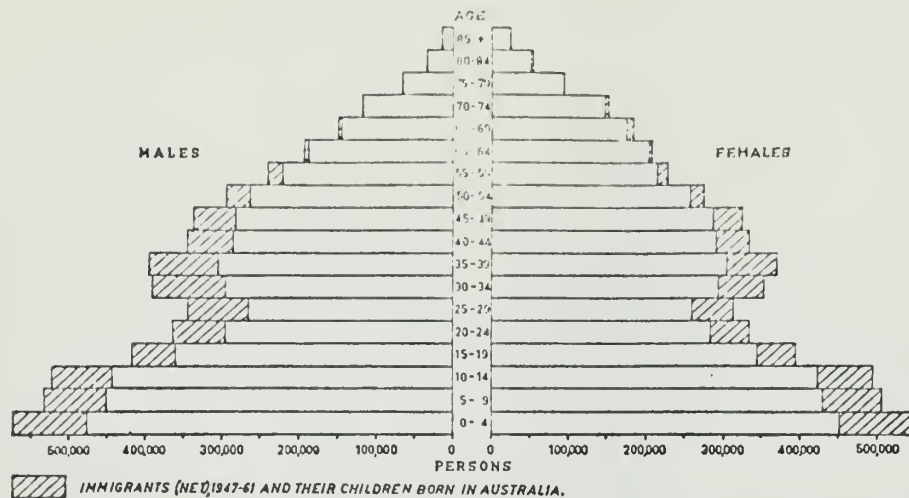


Figure 10. Immigrant additions to the Australian population, 1947 to 1961. Source: C.A. Price, "Overseas Migration To and From Australia, 1947 - 1961," Australian Outlook, August 1962, p. 164.

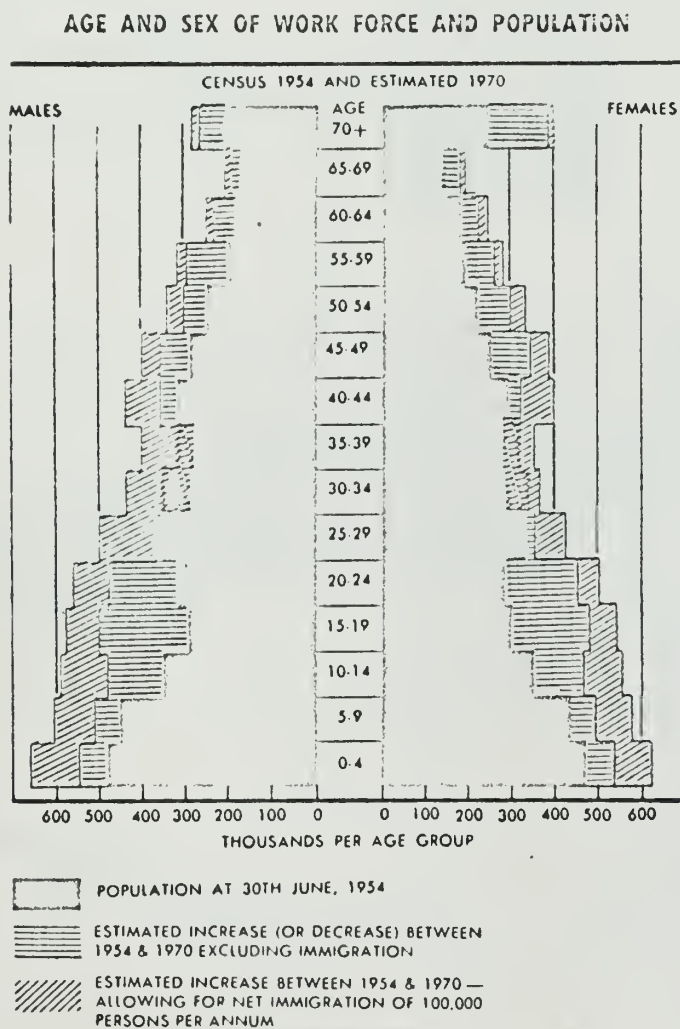


Figure 11. Age and sex of Australian work force and population, census 1954 and estimated 1970. Source: H.A. Bland, Secretary, Australian Department of Labour and National Service, "The Labour Force," Australia -- An Economic and Investment Reference (Melbourne: The Specialty Press, 1960), p. 64.

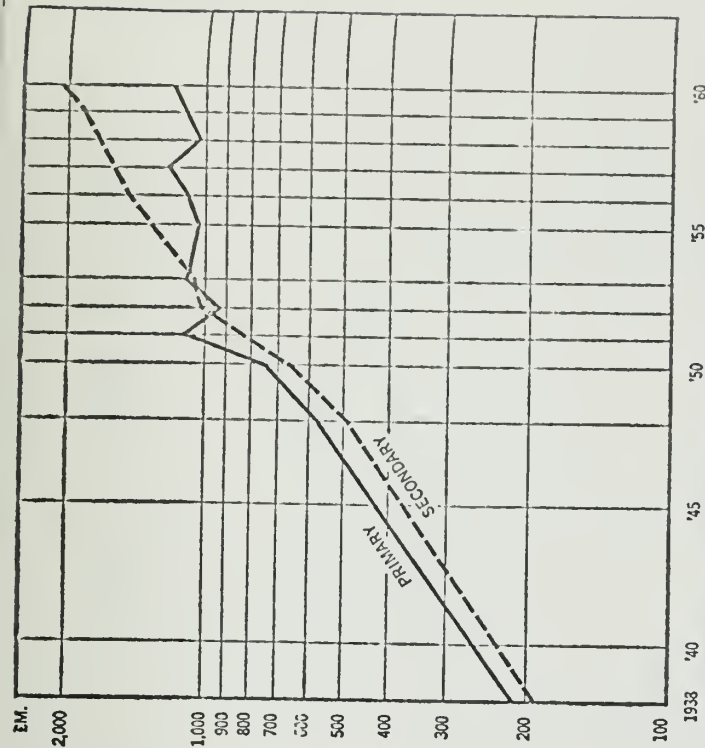


Figure 13. Values of production of primary and secondary industry in Australia. Source: J. Vernon, "Australia's Capacity for Growth -- Prospects for Growth in Secondary Industries," Economic Growth in Australia, John Wilkes, ed. (Sydney: Angus and Robertson, 1962), p. 80.

AGE AND SEX COMPOSITION OF POPULATION

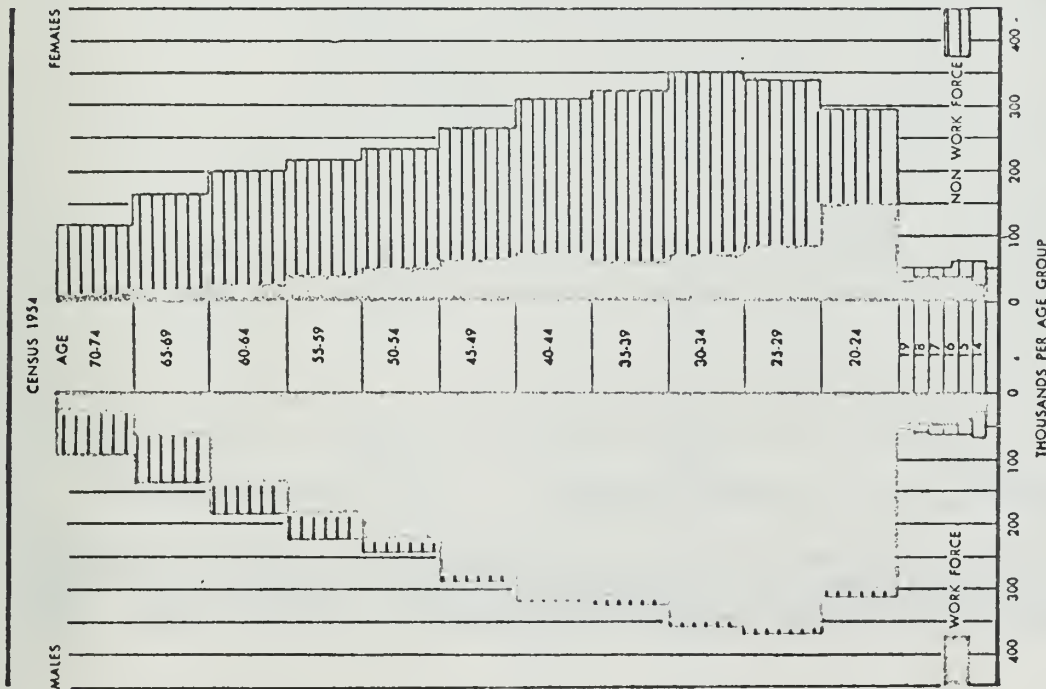


Figure 12. Age and sex composition of the Australian population, illustrating the work force component, census 1954. Source: H.A. Bland, "The Labour Force," Australia - An Economic and Investment Reference (Melbourne: The Specialty Press, 1960), p. 60.

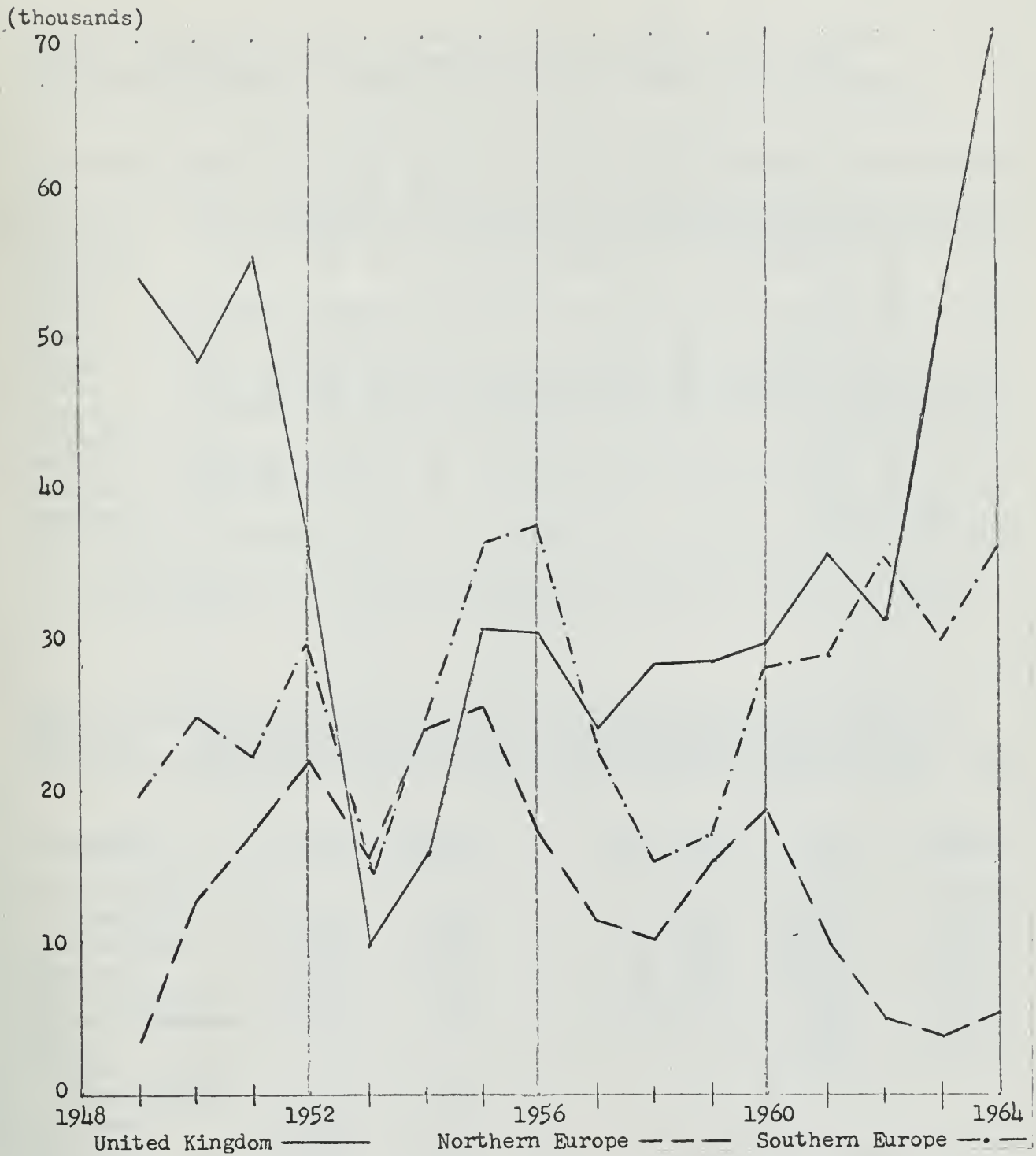


Figure 14. Foreign contribution - by area - to total Australian immigration, 1949 - 1964. Source: Official Yearbooks of the Commonwealth of Australia, 1950 - 1965 (Canberra: Commonwealth Bureau of Census and Statistics).

Table 1. Annual migration - by nationalities - 1949 - 1964. Source: Official Yearbooks of the Commonwealth of Australia, 1950 - 1965 (Canberra: Commonwealth Bureau of Census and Statistics). (Thousands).

Nationality	1949	'50	'51	'52	'53	'54	'55	'56	'57	'58	'59	'60	'61	'62	'63	'64
British*	527	48.7	54.6	35.6	96	156	309	30.3	237	28.3	28.5	29.9	35.0	31.0	52.0	70.0
American	3	3	.4	0	2	.6	1	.2	0	1	.6	1.0	.8	.8	.8	1.0
Austrian	.6	3	.9	.4	.2	1.3	4.3	3.2	14	.7	1.3	1.5	.9	.2	.4	.8
Belgian													.4	.6	.3	.2
Dutch	1.1	11.0	12.7	14.8	8.3	10.0	11.8	9.7	5.9	5.5	6.6	6.9	4.1	1.4	1.0	1.5
French										.1		.1				
German	1.5	14	4.2	6.7	7.4	12.3	8.9	4.9	3.8	3.8	7.1	10.2	4.4	1.9	2.0	2.8
Greek	1.6	1.6	2.5	2.0	2.7	9.7	10.8	11.6	6.6	4.6	5.0	8.2	7.7	12.3	11.4	18.8
Italian	10.3	12.7	16.2	26.6	11.6	14.1	25.1	25.1	14.4	9.6	11.1	17.3	16.3	15.4	12.6	11.9
Lebanese													.5	.4	.5	.8
Polish	28.6	31.8	3.8	.8	.1	.0	.0	.1	.4	1.4	1.6	1.2	1.4	.9	.8	.9
Russian	9.3	6.7	1.1	.5	.4	.1	.0	.2	1.3	.3	.7	.3	1.1	.8	.2	.1
Spanish													1.4	3.9	2.1	.6
Yugoslavian	7.7	10.6	3.4	1.0	.4	.5	.8	1.0	1.2	1.0	1.6	1.6	2.7	3.5	3.8	4.6

* includes migrants from the Irish Free State as well as the United Kingdom

Table 2. The skills and ages of migrants arriving in Australia during the year 1963. Source: Official Yearbook of the Commonwealth of Australia (Canberra: Commonwealth Bureau of Census and Statistics, 1964), pp. 294 - 295.

Occupation	Male	Female	Age Group	Male	Female
Professional/			0 - 4	6,427	6,098
Technical	3,159	1,954	5 - 14	9,426	8,908
Administrative	1,467	174	15 - 24	14,845	13,362
Clerical	1,738	3,299	25 - 44	20,970	16,813
Sales workers	1,307	710	45 - 64	4,219	4,729
Farmers/Fishermen	3,167	51	64 +	915	1,438
Miners	316	0		56,802	51,348
Transportation/					
Communication	1,999	246			
Craftsmen	14,115	1,904			
Laborers	7,652	0			
Services	1,371	6,264			
No occupation	2,064	738			
Children/Students	17,561	16,016			
Others	886	19,992 (housewives)			
	56,802	51,348			

Table 3. Expenditures on immigration since 1947. Source: Australia -- Governor Estimates of Receipts and Expenditures, 1947 - 1966 (Canberra: Commonwealth Government Printer). (Australian pounds).

Year	Britain ^a	Northern ^b Europe	Southern ^c Europe	Total Budget of the Immigration Department ^d
1947	415,000			785,000
1948	960,000	150,000 ^e		1,775,000
1949	1,407,000	1,070,000 ^e		3,134,000
1950	2,476,000	3,200,000 ^e		6,365,000
1951	3,000,000	708,000	263,000	9,877,000
1952	3,890,000	820,000	700,000	9,886,000
1953	4,677,000	389,000	292,000	10,073,000
1954	1,800,000	690,000	165,000	6,712,000
1955	2,981,000	721,000	252,000	7,769,000
1956	3,500,000	1,004,000	427,000	8,963,000
1957	3,215,000	1,227,000	514,000	8,060,000
1958	4,591,000	950,000	560,000	9,111,000
1959	5,150,000	985,000	225,000	9,615,000
1960	4,901,000	1,016,000	255,000	9,369,000
1961	4,800,000	968,000	205,000	9,252,000
1962	4,500,000	838,000	290,000	9,260,000
1963	4,410,000	798,000	329,000	9,422,000
1964	(no breakdown of expenditures presently available)			11,683,000
1965	"	"	"	14,621,000
1966	"	"	"	15,086,000 ^f

^aIncludes United Kingdom and British subjects residing elsewhere.

(Cost of free and assisted passages.)

^bIncludes Austria, Belgium, Germany, Holland, Ireland, and Scandinavia.

(Cost of free and assisted passages.)

^cIncludes Greece, Italy, Malta, Spain, and Hungary (refugees). (Cost of free and assisted passages.)

^dIncludes -- aside from the cost of passages -- medical, publicity, and research expenses, as well as the cost of maintaining migration offices abroad and depots, hostels, and council offices in Australia. The above totals also include the cost of providing English language lessons for migrants and payments in support of the ICEM, but do not include wages and salaries paid to those government employees working for the Immigration Department.

^eThese funds were paid to the IRO for the passages of Displaced Persons.

^fThis total is an official estimate of expenditures for 1966.

3. *Migration from Britain.*—(i) *General.* At the conclusion of the 1939-45 War two migration agreements were negotiated between the Commonwealth and British Governments and signed on 5th March, 1946. These agreements came into operation on 31st March, 1947, and provided respectively for granting free passages to British ex-servicemen and their dependants and assisted passages to other residents of Britain wishing to settle permanently in Australia. The free passage agreement was terminated on 28th February, 1955, but the assisted passage agreement has continued in operation by renewal from time to time. The current assisted passage agreement came into force on 1st June, 1962, and continues until 31st March, 1967.

(ii) *Assisted Passages.* Under the present agreement, the British Government contributes £150,000 Sterling per annum towards the cost of the movement of migrants to Australia. Each migrant 19 years of age or over contributes £10 Sterling towards his passage costs. Migrants under 19 years of age make no contribution. The Commonwealth Government meets the balance of the overall transport costs.

Eligibility for consideration for assisted passages under current arrangements is confined generally to citizens of the United Kingdom and colonies, normally resident in Britain. Subject to those broad conditions of eligibility, there are six categories of applicants who may be granted assisted passages under current arrangements.

Personal nominees—persons sponsored by relatives or friends already established in Australia who provide accommodation for their nominees.

Group nominees—workers and their dependants sponsored or selected to fulfil nominations lodged by public and private employers.

Commonwealth nominees—workers and their dependants selected to meet labour requirements within industry generally in Australia.

"Bring out a Briton" nominees—migrants sponsored by special voluntary committees formed throughout Australia to stimulate the flow of British migrants through community effort.

Single men and women and married couples without children—migrants selected without specific nomination who are prepared to make their own accommodation arrangements upon arrival.

"Nest-egg families"—un-nominated families having a minimum capital of £500,000 and prepared to make their own accommodation arrangements on arrival.

Hostels are provided by the Commonwealth Government for the initial accommodation of Commonwealth nominees. State Governments provide transit accommodation for certain groups of migrants.

(iii) *Number of Arrivals.* The numbers of British migrants who came to Australia under the Free and Assisted Passage Agreement during the years January, 1947, to June, 1964, are given in the following table according to the State of proposed destination.

UNITED KINGDOM FREE AND ASSISTED PASSAGE AGREEMENT: NUMBER OF MIGRANTS(a)

Period	N.S.W.	Vic.	Qld.	S. Aust.	W. Aust.	Tas.	A.C.T.	Commonwealth nominees (b)	Total
1958-59	4,375	4,931	2,449	2,912	1,853	706	210	11,070	28,506
1959-60	6,341	6,324	2,862	3,988	1,442	873	277	11,790	33,897
1960-61	6,313	6,186	2,579	3,308	1,613	637	234	13,830	34,700
1961-62	5,804	4,433	2,595	3,317	2,094	509	157	18,161	27,070
1962-63	8,093	6,118	2,980	4,512	5,294	677	271	13,755	41,700
1963-64	12,272	10,791	4,272	10,509	4,894	909	316	10,667	54,630
Total, January, 1947, to June, 1964	108,848	115,278	53,181	51,091	45,577	14,069	4,654	131,570	524,263

(a) Includes child migrants as shown in para. 4, p. 291.

(b) See text above for explanation.

4. *Child Migration from Britain.*—The pre-war arrangements under which child migrants were brought to Australia under the sponsorship of various religious denominations these young voluntary organizations were resumed in 1947. Under current arrangements these young migrants receive assisted passages and special maintenance provisions involving the British Government and the Commonwealth and State Governments.

From the beginning of 1947 to 30th June, 1964, a total of 7,108 British child and youth migrants arrived under sponsorship, 4,717 to New South Wales, 1,372 to Western Australia, 567 to Victoria and 452 to the other States. These arrivals are included in the table in para. 3 on page 290.

5. *Maltese Migration.*—The Commonwealth Government and the Government of Malta entered into an agreement on 31st May, 1948, under which financial assistance is granted jointly towards the movement to Australia of approved migrants from Malta. The agreement has been extended progressively and the current extension is effective until 30th June, 1965. ICEM (see para. 15) is associated with the assisted migration arrangements under this agreement.

Up to 30th June, 1964, a total of 31,609 Maltese had arrived under the assisted passage scheme.

6. *Netherlands Migration.*—On 1st April, 1951, a migration agreement between the Netherlands and Australia came into operation under which selected Dutch workers and their dependants could receive assisted passages to Australia. This superseded an earlier arrangement, made in 1946, between the Netherlands Emigration Foundation and the Commonwealth (see Year Book No. 39, p. 56). The 1951 agreement continued in operation under extensions until 31st March, 1964. Negotiations are well advanced for a revised agreement and, in the meantime, assisted migration has continued under the previous arrangements.

Contributions to passage costs under the agreement are made by the migrant and the Netherlands and Australian Governments. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia. ICEM (see para. 15) is associated with the assisted migration arrangements under this agreement.

Up to 30th June, 1964, 66,650 Dutch assisted migrants had arrived in Australia.

7. *Italian Migration.*—On 1st August, 1951, a migration agreement between Italy and Australia came into operation under which selected Italian workers and their dependants could receive assisted passages to Australia. The agreement was temporarily suspended at the end of 1952 but was resumed at the end of 1954. It continued in operation under extensions until 31st January, 1964. Negotiations are in course for a revised agreement and, in the meantime, provision has been made for assisted migration to continue under the previous arrangements.

Contributions to passage costs under the agreement are made by the migrant and the Italian and Australian Governments. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia. ICEM (see para. 15) is associated with the assisted migration arrangements under this agreement.

Up to 30th June, 1964, 40,870 Italian assisted migrants had settled in Australia.

8. *German Migration.*—On 29th August, 1952, a migration agreement was signed between the Federal Republic of Germany and Australia under which selected German workers and their dependants could receive assisted passages to Australia. The agreement was renewed for five years from 29th August, 1957. Negotiations are well advanced for a revised agreement and, in the meantime, assisted migration has continued under the previous arrangements.

Contributions to passage costs under the agreement are made by the migrant and the Governments of the Federal Republic of Germany and Australia. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia. ICEM (see para. 15) is associated with the assisted migration arrangements under this agreement.

Up to 30th June, 1964, 72,801 German assisted migrants had settled in Australia.

9. *Austrian Migration.*—Late in 1952 arrangements were made between the Austrian Government, the Australian Government and ICEM (see para. 15) under which selected Austrian workers and their dependants could receive assisted passages to Australia. These arrangements still apply.

present contributions are made by the migrant and the Australian Government. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia.

Up to 30th June, 1964, 17,716 Austrian assisted migrants had settled in Australia.

10. Greek Migration.—Late in 1952 arrangements were made between the Greek Government, the Australian Government and ICEM (see para. 15) under which selected Greek workers and their dependants could receive assisted passages to Australia. These arrangements still apply.

Contributions to passage costs are made by the migrant, the Greek and Australian Governments and ICEM. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia.

Up to 30th June, 1964, 36,241 Greek assisted migrants had settled in Australia.

11. Spanish Migration.—In 1958 arrangements were made between the Spanish Government, the Australian Government and ICEM (see para. 15) under which selected Spanish workers and their dependants could receive assisted passages to Australia. At the request of the Spanish authorities, these arrangements, so far as workers are concerned, were temporarily suspended in March, 1963. Since then certain female dependants nominated by Spanish assisted migrants already in Australia have continued to arrive in Australia as assisted migrants, and negotiations are in course with a view to restoring the previous assisted passage arrangements for workers and their dependants.

Contributions to passage costs are made by the migrant, the Spanish and Australian Governments and ICEM. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia.

Up to 30th June, 1964, 7,958 Spanish assisted migrants had settled in Australia.

12. Belgian Migration.—On 1st February, 1961, arrangements were made between the Belgian Government, the Australian Government and ICEM (see para. 15) under which selected Belgian workers and their dependants could receive assisted passages to Australia. These arrangements still apply.

Contributions to passage costs are made by the migrant and the Belgian and Australian Governments. The Australian Government is responsible for the reception of assisted migrants and for general assistance towards their settlement in Australia.

Up to 30th June, 1964, 1,470 Belgian assisted migrants had settled in Australia.

13. Refugee Migration.—By agreement with the International Refugee Organization, Geneva, on 21st July, 1947, Australia undertook to provide resettlement opportunities for Displaced Persons. A total of 170,000 Displaced Persons arrived in Australia under this agreement in the following years.

The International Refugee Organization was terminated in 1951 and refugee problems became the responsibility of the United Nations High Commissioner for Refugees, whose office was created by the United Nations specifically for this purpose. At about the same time ICEM was established (see para. 15) partly to provide arrangements for the actual resettlement overseas of refugees, particularly in regard to transport.

Australia has continued to provide resettlement opportunities for refugees, European or otherwise. In the period from 1951 to 30th June, 1964, 114,885 refugees had been resettled in Australia additional to the 170,700 Displaced Persons mentioned above. Of the total number of refugees received by Australia up to 30th June, 1964, since the end of World War II, 209,656 have received financial assistance from the Australian Government towards their passage costs.

14. General Assisted Passage Scheme.—This scheme has operated since 10th September, 1954, and provides for passage assistance to be granted to selected workers and their dependants from a number of countries including the United States of America, Switzerland, the Scandinavian countries, Eire, France and the Latin American countries. It also covers certain British subjects resident outside the United Kingdom and certain European nationals outside their countries of origin.

Under the scheme Australia contributes towards the passage costs an amount of £274,135.00 (U.S. \$160) per adult and proportionate amounts for children according to the fares paid. Australia provides for the reception of assisted migrants and for general assistance towards their settlement in Australia.

Up to 30th June, 1964, 23,515 assisted migrants had settled in Australia under the General Assisted Passage Scheme.

15. The Intergovernmental Committee for European Migration (ICEM).—This Committee, like the office of the United Nations High Commissioner for Refugees, was established to perform functions that had formerly been carried out by the International Refugee Organization. In addition to assuming responsibility for the resettlement of refugees, ICEM has been concerned also with the movements of national migrants from Europe.

Australia was one of the 16 foundation members of the Committee; there are now 29 member countries including the British Commonwealth countries of Australia, New Zealand, the United Kingdom and Malta.

The three main functions of ICEM are:

- the movement of national migrants and the provision of related services;
- the resettlement of refugees and the provision of related services; and
- development activities and technical co-operation (this includes activities such as language teaching, vocational and orientation training and in particular measures to facilitate the acceptance of European migrants by Latin American countries).

Each member government is required to contribute an agreed percentage of the Committee's administrative expenditure. Contributions to its operational expenditure are voluntary and governments may stipulate the terms and conditions under which they are to be used.

Up to 30th June, 1964, ICEM had moved 1,319,500 persons, of whom 393,400—294,800 nationals and 98,600 refugees had departed for Australia.

16. Summary of Arrivals of Assisted Migrants.—The following table shows the number of assisted migrants who arrived in Australia in each of the last six financial years and since January, 1947.

ARRIVALS UNDER ASSISTED MIGRATION SCHEMES

Assisted migration scheme	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	January, 1947 to June 1964
Austrian	1,289	1,841	1,494	227	372	594	17,716
Belgian .. .. .	..	..	232	506	414	318	1,470
General Passage (a)	3,275	4,176	3,527	2,234	1,874	3,327	23,515
German	6,541	9,514	10,151	2,234	1,967	2,987	72,801
Greek	2,099	2,191	2,086	2,761	2,051	2,633	36,241
Italian	3,014	3,006	3,013	1,255	227	195	40,870
Maltese	1,005	1,028	1,099	931	1,501	2,665	31,609
Netherlands	7,222	8,842	5,728	2,349	1,352	1,585	66,650
Refugee	4,118	3,969	3,413	946	1,375	2,040	209,656
Spanish	328	447	1,230	1,549	4,356	78	7,958
United Kingdom	28,506	33,897	34,700	27,070	41,700	54,630	524,263
Other schemes	623	406	323	..	..	..	28,682
Total	58,020	69,317	66,996	42,062	57,159	71,052	1,061,436

(a) Mostly Scandinavians, U.S. Americans, and British nationals from countries other than the United Kingdom.

NOTE.—(i) All arrivals indicated in this table have obtained some financial assistance from the Australian Government towards payment of their passage money. Transport to Australia for the migrants concerned has been arranged on (a) ships under charter to the Department of Immigration, (b) ships and aircraft under charter to the Intergovernmental Committee for European Migration, and (c) normal commercial shipping and airlines.

(ii) The arrivals under these schemes include a small number of nationals of countries other than those referred to, and stateless persons.

1. Powers and Legislation of the Commonwealth.—(i) *Constitutional*. Under section 51 (xxvii.) and (xxviii.) of the Commonwealth Constitution, the Parliament of the Commonwealth is empowered to make laws with respect to immigration, emigration, aliens and the influx of criminals.

(ii) *Legislation*. Immigration into Australia is regulated by the *Migration Act 1958–1964* which came into force on 1st June, 1959, and repealed the *Immigration Act 1901–1949* and the *Aliens Deportation Act 1948*.

Any immigrant entering Australia after the commencement of the Act without having been granted an "entry permit" or who is not within an exempted class is a prohibited immigrant. Exempted persons include diplomatic, consular and trade representatives of other countries, and seamen who enter on leave while their ships are in Australian ports. For the purposes of the Migration Act an immigrant includes a person entering for temporary stay.

An entry permit is normally granted at the port of entry by means of a stamp in the traveller's passport or equivalent travel document. There is no form of application involved. Temporary entry permits are granted to persons who have been authorized to enter for a limited period only. Persons eligible to enter for indefinite residence are granted permits of unrestricted validity. A person who is refused an entry permit must be kept on board the ship on which he arrives; otherwise, the shipping company is liable to a fine of £500.

The Act abolished the "Dictation Test" as a means of excluding or deporting ineligible persons. Other deportation powers which were contained in the repealed legislation were largely re-enacted, although with some revision.

The Act revised the law relating to the emigration of Aborigines and children, repealing the *Emigration Act 1910*.

The Act does not affect passport or visa requirements for entry to Australia. All persons who, prior to the 1958 Act, had been required before embarkation to obtain visas or other kinds of authority to proceed to Australia, are still required to obtain them. Likewise, persons who have not had to obtain prior authority to proceed to Australia are not now required to obtain such authority solely as a result of the Act. Persons previously allowed to enter without production of passports—notably British people arriving from New Zealand—are still able to do so.

The *Aliens Act 1947–1959* provides that a register of aliens shall be maintained for every State or mainland Territory of the Commonwealth. Unless exempted, aliens 16 years of age and over are required to register with the Department of Immigration and to notify the Department of any change of address, occupation or employment, and of their marriage. The Act provides also that the consent of the Department must be obtained before an alien may change his surname.

The *Immigration (Guardianship of Children) Act 1946–1952* provides that the Minister for Immigration becomes the legal guardian of every person under the age of 21 years who enters Australia (except for certain groups exempted) other than in charge of, or for the purpose of living in the care of, a parent or adult relative. It is primarily administered through the Child Welfare authorities in each State and mainland Territory who, as the Minister's delegates under the Act, supervise the welfare of each "immigrant child".

2. Conditions of Immigration into Australia.—(i) *Admission of non-European population*. It is fundamental to this policy that people coming to Australia for permanent residence should be capable, both economically and socially, of ready integration into the community.

The Australian practice is not one of the total exclusion of persons of other than European origin. The immigration laws governing residence in Australia permit the Minister to exercise discretion. The policy so administered takes into account the qualifications of persons wishing to settle here and the merits of each case, including considerations of a humanitarian nature and broad national interest.

In addition to the indigenous people, there are in Australia some 37,300 non-Europeans. Of those 15,300 are Australian citizens (10,300 by birth and 5,000 by naturalization and registration), while 4,000 have permanent residence status but have not sought or qualified for citizenship.

The remaining 18,000 comprise 4,400 non-Europeans who have been admitted, in some instances with their families, on a temporary basis in a variety of categories, 1,200 visitors, and an Asian and other non-European student population of 12,400, including both government-sponsored and private students.

The present immigration policy provides, *inter alia*—

- (a) that non-Europeans, who are the spouses, unmarried minor children or aged parents of Australian citizens, or of British subjects permanently resident here, may be admitted for permanent residence;
- (b) that a European British subject proceeding from overseas to Australia for permanent residence may be accompanied by his non-European spouse and unmarried minor children;
- (c) that non-Europeans who have been admitted for temporary residence may qualify, on residential and other grounds, for permanent resident status and subsequently for naturalization;
- (d) that, in addition to those non-Europeans admitted for temporary residence for commerce and trade, highly qualified and distinguished people who seek to reside here (including those non-Europeans who have taken educational courses at the tertiary level in Australia, who have spent at least five years in their own countries after having completed their courses, and who have qualifications from which the Australian community would benefit) may be admitted on a selective basis for indefinite stay.

Those non-Europeans, whose continued residence in Australia was induced by political events in their own countries, have been permitted to remain here indefinitely.

(ii) *Persons of European Race*. Maltese, Cypriots and aliens of European race desiring to settle permanently in Australia are required to obtain authority for admission from the Department of Immigration or an Australian oversea post. Their admission under the present policy is subject to their compliance with the Commonwealth's requirements with regard to health, character, freedom from security risk and general suitability as settlers.

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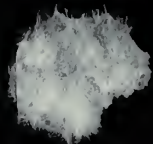
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